

THE HONORABLE THOMAS S. ZILLY

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON, AT SEATTLE

KAREN AND KEITH KRONEMAN,
husband and wife, and the marital community
thereof,

Plaintiffs,

v.

COUNTRY MUTUAL INSURANCE
COMPANY, a foreign corporation,

Defendant.

NO. CV 14-01223

**PLAINTIFFS' OPPOSITION TO
DEFENDANT'S MOTION FOR
SUMMARY JUDGMENT**

**Note on Motion Calendar:
June 19, 2015**

I. RELIEF REQUESTED AND SUMMARY

Plaintiffs Keith and Karen Kroneman (the "Kronemans") respectfully request that Country Mutual Insurance Company's ("Country") Motion for Summary Judgment be denied and their Motion for Partial Summary Judgment be granted.

During the adjustment of the Kroneman's covered fire claim, a dispute arose as to whether the policy language providing for the replacement of " . . . damaged property using standard new construction materials of like kind and quality . . . " required Country to replace

1 all four sides of the home in order to provide a reasonable color match between the damaged
2 and undamaged siding.¹

3 In addition to its refusal to replace two sides of the Kronemans' home, Country, in bad
4 faith, unreasonably refused to pay for some of the Kronemans' damaged personal property, did
5 not respond to the Kronemans' demand for appraisal and violated several Washington
6 Administrative Code claims handling regulations. See Gary Williams' Expert Report attached
7 to his Declaration.

8 II. FACTS

9 To avoid duplication, Plaintiffs incorporate by this reference all facts, Declarations, legal
10 authority and arguments presented in their Motion for Partial Summary Judgment filed on May
11 28, 2015. Dkt. # 24.

12 On September 29, 2012 the Kronemans suffered a covered loss at their residence located
13 at 9507 149th St East, Puyallup, WA. Watkins Dec at ¶ 3.

14 The Kronemans timely submitted a claim to their insurer, Country, for benefits to repair
15 their real property with "like kind and quality" materials, replace their damaged personal
16 property, and provide additional living expenses ("ALE"). Watkins Dec at ¶ 4.

17 The Kronemans retained the services of a public adjuster Kyle Grinell ("Grinell") to
18 assist the Kronemans in presenting their claim to Country Mutual. Watkins Dec at ¶ 5.

19 Country Mutual assigned Greg Stariha ("Stariha") an adjuster located in the state of
20 Washington, to investigate and adjust the Kronemans' claim. Watkins Dec at ¶ 6.

21
22
23
24 ¹ Country's unreasonable refusal to pay for replacement of two sides of the Kronemans' went
25 against the policy language, the industry standard, its customary adjusting procedures, and had the
potential to diminish the value of its insureds' home.

1 **A. Violation of WAC 284-30-330((14) unfairly discriminating against**
2 **claimants because they were represented by a public adjuster.**

3 Because the Kronemans retained the services of Grinnell, Stariha took an adversarial
4 position and discriminated against them during the adjustment of their claim in violation of
5 WAC 284-30-330(14). As Grinnell testified in his deposition:

6 Q. Okay. At that first meeting where the representatives for Country were
7 present, do you recall anything about the conversation at that meeting?

8 A. One thing I recall pretty specifically. Two – two things I recall pretty
9 specifically.

10 Q What do you recall?

11 A One was Greg Stariha just flat saying that he was going to treat the insureds
12 different; he was going to be tighter on them because I was involved. And another
13 thing was Greg just saying -- Greg Stariha saying that there was no way he was
going to pay for the other two elevations of siding. And I told him, if it was my
home, I would sue him right then. I think that surprised him that someone would
say that.

14 Q. With regard to the first statement that you recall that I believe -- and
15 correct me if I'm paraphrasing this incorrectly. You said that Mr. Stariha said that
he was going to be tighter on the insureds. Were those the actual words he used?

16 A. I don't remember if that's the actual word that he used.

17 Q. Okay.

18 A. But that was definitely the gist of it.

19 Q. And what do you mean by that? "Tighter": What does that mean?

20 A. Essentially that he was going to punish them for having a representative.

21 Q. Did he use the word "punish"?

22 A. No, I don't believe so. But that was the intent. That was what was
23 communicated and conveyed.

24 Deposition of Kyle Grinnell ("Grinnell Dep) pages 75-76. Watkins Dec at ¶ 7.
25

1 The fact that Stariha was discriminatory was corroborated in deposition by Bernie
2 Williams ("B. Williams") Senior Estimator for the Kronemans' contractor, Step Up
3 Construction ("Step Up"):

4 Q. It's -- it's an issue that was brought up by Mr. Grinnell. And I just wanted
5 to ask if you had been present. I am paraphrasing, and counsel will correct me if
6 I'm wrong, but I believe that Mr. Grinnell indicated that at some point Mr. Stariha
7 had indicated that he would discriminate against the Kronemans because they
8 used a PA, a public adjustor. I'm not sure I said it exactly right. But he said -- I
don't recall the words, but he indicated that the claim would be harder, tougher,
something like that. The only question I have is: Were you present when that
statement or that conversation occurred?

9 A. I was.

10 Q. And could you please tell us your best recollection of that conversation? I
11 know it's been a while.

12 A. I remember -- and I think I'm paraphrasing here. **Kyle Grinnell said, Are**
13 **you treating the Kronemans differently because I'm involved? And I**
14 **remember Greg Stariha said, "Yes, I am," or "Yes," or something to that**
15 **effect.** And if I remember correctly after that, Kyle Grinnell made some gesture
of, I'd be happy to pull out, or something to that effect. I'm -- I'm sorry. I don't
want to say anything I'm not specifically clear on, but...(Pause.)

16 Q. Was it to the -- the affect, I'm sorry -- was it your understanding that Mr.
17 Grinnell made an offer that he would pull out and no longer be the PA if things
would go better with Mr. Stariha with the Kronemans, something like that?

18 A. That's correct.

19 (emphasis added) Deposition of Bernie Williams ("B. Williams Dep.") pages 47-
20 48. Watkins Dec at ¶ 8.

21 **B. Bad faith claim handling of ALE.**

22 After the fire, the Kronemans were allowed to stay in a hotel until more suitable
23 temporary housing could be located while repairs were completed on the fire-damaged home.
24 Watkins Dec at ¶ 9. DMA Insurance Housing Assistants ("DMA") was tasked with finding the
25

Kronemans suitable accommodations while the loss was being adjusted. Watkins Dec at ¶ 10.

On October 11, 2012 Stariha was annoyed that the Kronemans had not chosen to accept one of the unacceptable rental homes they had been shown and he sent the following email to Grinell:

Kyle,

I'd like to make sure we are clear on the ALE issue. The Kronemans are currently in the Holiday Inn Express. The rate is \$294.84/night. DMA housing has found two homes that are closer to their home than the Holiday Inn Express. One option is \$2850/month and the other is \$3,295/month. Both homes are furnished. Both homes are available for immediate occupation. DMA has indicated that the Kronemans have refused at least the first option because the home is off the bus route for the children. While I understand this would be an inconvenience, I do not feel it to be a valid reason to continue the stay in the Holiday Inn or for Country to pay that increased cost. If you have another option you would like to run by us, please do so. We are open to suggestions.

However, we do feel that the amount Country would owe to reimburse the Kronemans under ALE coverage should be capped at the cost of the monthly rent at the either of the options provided by DMA. I would like to resolve this issue prior to the weekend.

Greg Stariha, AIC, CPCU

(emphasis added) Watkins Dec at ¶ 11.

Still frustrated by the Kronemans' proper refusal to accept a home that would not allow pets, on October 17, 2012 Stariha threatened to cut off payment for additional living expenses:

Kyle,

We are not able to consider your request for a buyout on the ALE coverage. In order to be covered, the expenses must be incurred. **We are willing to give DMA housing one more week to find a house that the Kronemans will accept. We will terminate the hotel direct bill as of October 26.** Per DMA, it will take about a week for them to get into a house after signing a lease. If you or your clients come up with another solution, please contact me to discuss. Please have them forward the invoices and meal receipts at any time for reimbursement. Sincerely,

1 Greg Stariha, AIC, CPCU

2 (emphasis added) Watkins Dec at ¶ 12.

3 On October 24, 2012 Stariha reiterated his threat.

4 Kyle,

5 I would be willing to extend the hotel to Nov. 2 if this property is a go. **If not, we**
6 **will have to stand by our decision to cut off the hotel on October 26 as**
7 **previously noted.** Again, if you have any other housing possibilities or options
8 you would like for us to consider, please let me know.

9 Greg Stariha, AIC, CPCU

10 (emphasis added) Watkins Dec at ¶ 13.

11 **C. Country attempted, in bad faith, to underpay the structure claim.**

12 On October 16, 2012 Country attempted to significantly underpay the Kronemans'
13 structure claim when its adjustor, Tim Foederer ("Foederer") prepared an impossibly low
14 estimate of repairs in the amount of \$36,453.36 RCV. This estimate was insufficient to return
15 the Kroneman home to its pre-loss condition. Watkins Dec at ¶ 14. The Kronemans refused to
16 accept Country's low-ball offer and Country finally agreed to pay a significantly higher
17 structure settlement of \$58,926.18. Watkins Dec at ¶ 15.

18 **D. Country refused, in bad faith, to pay for incurred hygienic work.**

19 Stariha also refused to pay for the necessary retention of an engineer/hygienist that was
20 retained by Step Up as a safety issue for the Kronemans' children. The contractor's Senior
21 Estimator testified as to the need for the hygienist's work :

22 Q. Okay. Skipping ahead -- bear with me -- to Page 30, I see an estimate for
23 air clearance testing. Can you explain to me what that is?

24 A. Air clearance testing, as part of a fire, is important because of the
25

1 materials not just that were burnt in the fire that have off-gassed chemicals, but
2 also as the result of new construction or repairs when adhesives and those types of
3 things are used. **In this case, I believe Ms. Kroneman and one of her children
had asthma, pretty significant asthma, which is part of the reason that we
recommended air testing.**

4 Q. Do you know if air testing was performed?

5 A. It was.

6 Q. And do you know what the results of that air testing were?

7 A. I do.

8 Q. And what were those?

9 A. I believe the industrial hygienist found pockets of unacceptable gases in
10 areas of the home. I recommend -- I know he recommended cycling of the air in
11 the home. I don't remember how many cycling -- cyclings. I just don't recall that
12 amount. But it was -- it was excessive, in order to clear the home of gases.

13 (emphasis added) B. Williams Dep. pages 24-25. Watkins Dec at ¶ 16.

14 On February 21, 2013 Reed sent the following correspondence to the Kronemans'
15 representative:

16 Good Morning,

17 I have reviewed this billing with Greg Stariha. We did not agree to this testing
18 prior to it being done. It is not usually and customary for these fees to be incurred.
At this time, we are unable to issue payment for this testing.

19 Thank you,

20 Robin Reed

21 (emphasis added) Watkins Dec at ¶ 17.

22 Country never did pay the hygienist's fees. Watkins Dec at ¶ 18.

23 **E. Country, in bad faith, refused to pay for the Kroneman's personal**
24 **property.**

1 On June 27, 2013 the Kronemans timely submitted an additional claim to their insurer's
2 attorneys for damaged personal property. Watkins Dec at ¶ 19. Presumably, this was another
3 pertinent communication that slipped through the cracks because Country did not acknowledge
4 or respond to the Kronemans' request for payment. It still has not paid these items of personal
5 property in violation of the insurance contract. Watkins Dec at ¶ 20.

6 On September 27, 2013 faced with the suit limitation clause, this litigation commenced.
7 Watkins Dec at ¶ 21.

8 On October 25, 2013 despite the fact that the Kronemans had an open claim for
9 damaged personal property, Country closed its file. Watkins Dec at ¶ 22.

10 Thereafter, Country wrongfully refused to adjust the Kronemans' claim. Watkins Dec at
11 ¶ 23.
12

13 III. ISSUES PRESENTED

- 14 1. Do genuine issues of fact exist to support Plaintiffs' breach of contract and
15 CPA claims?
- 16 2. Is an insurer relieved of its duty of good faith, its obligations under the
17 insurance contract and its duty's to comply with the WAC claims handling
regulations after the commencement of litigation?

18 IV. EVIDENCE RELIED UPON

- 19 1. Declaration of Michael T. Watkins, and the Exhibits attached thereto;
20 2. Declaration of Gary Williams, and the Exhibits attached thereto;

21 V. ARGUMENT

22 A. Standard for summary judgment.

23 A party is entitled to summary judgment if the "pleadings, depositions, answers to
24 interrogatories, and admissions on file, together with the affidavits, if any, show that there is no
25

1 genuine issue as to any material fact and that the moving party is entitled to a judgment as a
 2 matter of law.” Fed. R. Civ. P. 56(c).

3 Because genuine issues of material fact exist as to whether 1) Country breached the
 4 terms of the insuring agreement, 2) Country violated certain WAC claims handling regulations
 5 that resulted in damage to the Plaintiffs, 3) Country committed *per se* violations of the CPA,
 6 and 4) Country breached its duty of good faith, Country’s Motion for Summary Judgment
 7 should be denied.

8 **B. Washington law applies to all substantive issues.**

9 When adjudicating a claim that has been removed from state court based on diversity
 10 jurisdiction, as in this case, federal courts apply state law for all substantive issues and federal
 11 law for all procedural issues. *Gasperini v. Ctr. for Humanities, Inc.*, 518 U.S. 415, 427 (1996)
 12 (“Under the Erie doctrine, federal courts sitting in diversity apply state substantive law and
 13 federal procedural law.”); *see also Erie R.R. v. Tompkins*, 304 U.S. 64 (1938). Therefore,
 14 federal law controls the standard for summary judgment in this case, but state law controls the
 15 issues of whether the WAC, CPA and IFCA have been violated, whether as well as whether
 16 Country Mutual breached the duty of good faith it owed the Kronemans.
 17

18 **C. Country breached the insurance contract.**

19 Recently, Country has advanced the argument that its contractual duties and statutory
 20 obligations ceased at the time 1) the one-year contractual limitation ran, and/or 2) when
 21 litigation was commenced. This is not an accurate statement of the law.
 22

23 **1. The expiration of the one-year contractual limitation period did not**
 24 **relieve Country of its duty to pay the Kronemans’ claim.**
 25

1 By September 27, 2013, one year after the fire had occurred at the Kronemans' home,
 2 Country had yet to conclude its adjustment of the claim. It had made payments for the damage
 3 to the home, for the Kronemans' personal property, and for their additional living expenses. It
 4 had not, as Defendant concedes, paid the actual cash value for six items of personal property
 5 even though as early as June 28, 2013 Defendant was on notice that the Kronemans had
 6 submitted a claim for those items. The policy states that its one-year limitation only applies to
 7 obtaining withheld depreciation, not to the payment of the actual cash value of the insureds'
 8 losses:

9
 10 "You" may make a claim under this policy on a (sic) "actual cash value" basis,
 11 and have **one year from the date of loss to make the repair or replacement**
 12 **and request payment** for the difference between the reasonable cost of repair or
 13 replacement and the amount "we" have already paid. (emphasis added)

14 Country misstates its policy arguing that the passage of a year (and/or the institution of
 15 litigation) extinguished Country's obligation to pay the Kronemans the actual cash value for
 16 their personal property.

17 Neither the one-year limitation for the recovery of withheld depreciation, nor the one-
 18 year suit limitation period, extinguish Country's statutory or contractual obligations. The time
 19 limit for recovery of withheld depreciation does not apply to, or bar, payment of the actual cash
 20 value on contents. Likewise, the suit limitation merely provides that "[n]o action can be
 21 brought unless there has been full compliance with all of terms under sections 2 through 6 of
 22 this policy and the action is started within one year after the date of occurrence." Policy at 31.
 23 The policy does not state that Country's contractual and statutory obligations end one year
 24 after the date of loss. If Country Mutual wished to have such a clause, it could have stated: "If
 25 we manage to delay payment for the actual cash value of your personal property for more than

1 one year after your loss, we do not have to pay you anything.” And such a clause would be
2 void as against public policy.

3 Neither the policy’s suit limitation clause nor any other replacement cost recovery
4 contract provision places an expiration date on Country’s contractual duties to pay the
5 Kronemans’ the actual cash value of their personal property claim and adjust their claim.

6 **2. Country, in bad faith, refused to pay for like kind and quality repairs.**

7 A direct physical loss connotes some change in the structure or condition of the
8 property. However, it is clear that property does not necessarily have to be consumed,
9 destroyed or subject to physical damage in the traditional sense in order to constitute “direct
10 physical loss or damage.”
11

12 In short, Defendant asserts that Plaintiffs were making a claim for “undamaged”
13 property. This is not true. It is unconverted that the exterior of the Kronemans’ home had
14 suffered a tangible alteration and the replaced exterior walls could not be matched to the
15 existing walls.

16 As noted in Plaintiffs’ Motion for Partial Summary Judgment the case of *Cedar Bluff*
17 *Townhome Condominium Association, Inc. v. American Family Mutual Insurance Company*,
18 __ N.W.2d __, No. A13-0124, WL 7156914 (Minn. Dec. 17, 2014) addressed the identical
19 issue presented here. In *Cedar Bluff*, replacement siding panels were available with the same
20 specifications, but they were not available in the same color. There, as in this case, the insured
21 sought coverage for complete replacement of the siding on all four exterior walls.
22

23 The Minnesota Supreme Court reaffirmed that the term “comparable material and
24 quality” in a replacement cost policy means “a reasonable color match between new and
25

1 existing siding.” The *Cedar Bluff* court reasoned that because the color mismatch resulted in
2 the inability to replace the fire-damaged siding with siding of “like kind and quality material
3 and quality,” the townhomes had sustained a “distinct, demonstrable, and physical alteration.”
4 Thus, it concluded that all of the siding sustained a covered loss.

5 In *Mellin v. N. Sec. Ins. Co., Inc.*, No. 2014-020, 2015 N.H. LEXIS 32 (Apr. 24, 2015)
6 the insureds’ condo suffered a distinct, demonstrable physical loss as the result of a smell.
7 Shortly after renting the upstairs unit, a tenant moved out complaining of a cat urine odor,
8 which had come through an open plumbing chase from the downstairs unit where another
9 tenant owned multiple cats. After the insureds moved into the unit themselves and noticed the
10 odor, a health inspector advised them to move out temporarily while the units were cleaned.
11 Unfortunately, the landlords could not rid the condo of the smell. They ultimately sold the
12 condo at a significant loss.
13

14 The insureds sought coverage under their homeowner’s insurance policy due to the
15 “direct physical loss” caused by the cat urine odor. The insurer said coverage did not apply
16 because the smell did not constitute a “physical loss” and, even if it did, the damage caused by
17 the smell was specifically barred under the policy’s pollution exclusion. The lower court
18 agreed with the insurer but the New Hampshire Supreme Court reversed finding in favor of the
19 insureds. The insurer argued that “direct” and “physical loss,” though undefined in the policy,
20 indicated coverage only for a tangible change to the property—altering the appearance, color,
21 or shape of the unit. But the New Hampshire Supreme Court held that “physical loss” need not
22 be limited to changes that could be seen or touched, but could also include changes perceived
23 by smell. The Court found support for its ruling in a “substantial body of case law” holding
24
25

1 that “a variety of contaminating conditions, including odors, have been held to constitute a
2 physical loss to property.”

3 Similarly, a New Jersey court concluded that an ammonia spill constituted a physical
4 loss as it “physically changed the air” and rendered the building temporarily unfit for
5 occupancy. *Gregory Packaging, Inc. v. Travelers Prop. Cas. Co. of Am.*, No. 2:12-cv-04418,
6 2014 U.S. Dist. LEXIS 165232 (D.N.J. Nov. 25, 2014).

7 The Colorado Supreme Court found that gasoline vapors rendered a building
8 uninhabitable and were a “direct physical loss.” *Western Fire Ins. Co. v. First Presbyterian*
9 *Church*, 437 P.2d 52 (Colo. 1968). And a pervasive odor from a methamphetamine lab was
10 found by an Oregon court to be “physical loss.” *Farmers Ins. Co. v. Trutanich*, 858 P.2d 1332
11 (Or. Ct. App. 1993). All of these cases concluded that a “distinct and demonstrable alteration
12 of the insured property” had occurred.
13

14 **3. Country wrongfully refused to submit to appraisal.**

15 Country would have the Court find that it met its obligation of good faith when it
16 violated the insurance contract and violated the WAC claims handling regulations by not
17 responding to the Kronemans’ demand for appraisal. Such a finding is not supported by
18 Washington law, and if followed to its logical conclusion, would allow an insurer to terminate
19 all contractual rights and obligations related to an existing insurance contract at the time the
20 lawsuit was filed. Such a finding would not only have a chilling effect on litigation (because
21 insureds will hesitate to enforce a particular contract provision through a lawsuit) but it would
22 allow a defaulting insurance defendant to refuse to pay its insureds’ claims by simply filing a
23 lawsuit.
24
25

1 The insurance claim was ongoing during the pendency of the litigation and the
 2 Kronemans and Country had continuing claim related contractual and statutory duties.
 3 Country's suggestion that it no longer had to adjust or pay the Kronemans' claim (or comply
 4 with the appraisal clause) is simply wrong.

5 The California Supreme Court held, "[i]t is clear that the contractual relationship
 6 between insurer and the insured does not terminate with commencement of litigation." *White*
 7 *v. Western Title*, 40 Cal.3d 870, 885, 710 P.2d 309 (1985).²

8 If it were otherwise, all insurers would immediately file declaratory actions when their
 9 insureds filed claims so that they would no longer be bound by the Insurance Commissioner's
 10 regulations and they would not have to pay the claims. After the filing of a lawsuit, insurers
 11 would not have to comply with the promises contained in their insurance contracts and they
 12

14 ² "We also note that this approach is consistent with that of almost every other jurisdiction to
 15 have addressed the issue. Those courts have consistently held that the duty of good faith,
 16 whether an inherent aspect of the insurance contract or a statutory construct, continues during
 17 any litigation that is brought to determine liability for the underlying tort. *See, e.g., White v.*
 18 *Western Title Ins. Co.*, 40 Cal.3d 870, 221 Cal.Rptr. 509, 710 P.2d 309, 316-17 (1985) (holding
 19 that the duty of good faith continues during litigation because the contractual relationship
 20 continues); *Haddick v. Valor Ins.*, 315 Ill. App.3d 752, 248 Ill. Dec. 812, 735 N.E.2d 132, 133
 21 (2000) ("We reverse and hold that an insurance company has a duty to act in good faith in
 22 settling a claim against its policyholder in a timely manner both before and after suit is filed.");
 23 *Harris v. Fontenot*, 606 So.2d 72, 74 (La.Ct.App.1992) ("We first note that nowhere in either
 24 statute is there an express distinction limiting the application to the pre-litigation conduct of the
 25 insurer. . . . [W]e believe that it is clear that the statute was enacted to impose a requirement of
 good faith and fair dealing on the insurer, requirements that are no less important after
 litigation has begun as before."); *Palmer v. Farmers Ins. Exchange*, 261 Mont. 91, 861 P.2d
 895, 913 (1993) ("[A]n insurer's duty to deal fairly and not to withhold payment of valid claims
 does not end when an insured files a complaint against the insurer."); *O'Donnell ex rel. Mitro*
v. Allstate Ins. Co., 734 A.2d 901, 906 (Pa.Super.Ct.1999) ("[W]e refuse to hold that an
 insurer's duty to act in good faith ends upon the initiation of suit by the insured.") *Knotts v.*
Zurich Ins. Co., 197 S.W.3d 512, 517-18 (KY 2006).

1 could violate the Washington Administrative Code regulations with impunity. *See Knotts v.*
 2 *Zurich Ins. Co.*, 197 S.W.3d at 517 (“If KRS 304.12-230 were not applicable once litigation
 3 commenced, insurance companies would have the perverse incentive to spur injured parties
 4 towards litigation, whereupon the insurance company would be shielded from a claim of bad
 5 faith.”); *see also White, supra*, 40 Cal.3d at 886.

6 It is well settled that “an insurance regulatory statute becomes a part of the policy of
 7 insurance.” *Britton v. Safeco Ins. Co. of America*, 104 Wn.2d 518, 526 707 P.2d 125 (1985)
 8 (citing *Touchette v. Northwestern Mut. Ins. Co.*, 80 Wn.2d 327, 332, 494 P.2d 479 (1972)).
 9 Again, Country was required to comply with the WAC claims handling regulations regardless
 10 of whether a lawsuit had been filed or not.
 11

12 More importantly, Country wrongfully asserted to the OIC that *Keesling* stands for the
 13 proposition that the institution of litigation *waives a party’s right to appraisal*. However, the
 14 actual language of the case shows that Country misrepresented the holding of *Keesling* to the
 15 OIC:

16 “ . . . an insurer’s demand for appraisal has been considered timely, not
 17 withstanding that the demand was not made until eight months after receipt
 18 of a proof of loss, subsequent to the commencement of a suit by the insured,
 and subsequent to a Court hearing. (emphasis added)

19 *Keesling v. Western Fire Ins. Co.*, 10 Wash.App. 841, 520 P.2d 622 (1974).

20 As Gary Williams states in his Report:

21 The mere fact that the parties are in litigation does not mean that an appraisal
 22 should not proceed. I have personally participated in many litigated cases where
 23 appraisal and litigation went forward concurrently. In its response to the Insurance
 24 Commissioner, Country Mutual stated, “Washington case law supports that, in
 25 most circumstances, once suit is commenced, the appraisal clause of an insurance
 policy may not be invoked.” That statement is simply not true, not as a matter of
 law nor of local practice. Williams Report at ¶ 11.

1
2 **1. Plaintiffs did not “waive” nor were they estopped from demanding appraisal.**

3 Defendant argues, without authority, that when Plaintiffs’ counsel participated in the
4 preparation of a Joint Status Report in this litigation, pursuant to court rule, the Plaintiffs
5 waived their right to seek appraisal. Plaintiffs simply checked the box stating that mediation
6 was the “preferred” form of alternative dispute resolution.
7

8 LCR 39 states in relevant part:

9 (4) *Participation in ADR Is Voluntary.* **Participation in ADR is**
10 **voluntary unless the court orders the parties to participate.** As set
11 forth in LCR 26(f), parties are expected to advise the court in their joint
12 status report regarding whether they plan to engage in ADR and if so,
13 when and what type. (emphasis added)

14 Voluntary participation in mediation does not bar Plaintiffs from asserting their
15 contractual rights under the policy. Moreover, Defendant’s position is contrary to the very
16 language of its appraisal clause, which contemplates judicial involvement:

17 Appraisal

18 If “you” and “we” fail to agree on the amount of loss, either may demand
19 an appraisal of the loss.

20 In this event, each party will choose a competent and impartial appraiser
21 within 20 days after receiving a written request from the other. The two
22 appraisers will choose an umpire, who shall be competent in the trade or
23 skill necessary to assess the loss. If they cannot agree upon an umpire
24 within 15 days, **“you” or “we” may request that the choice of an**
25 **umpire be made by a judge of a court of record in the state where the**
“residence premises” is located. The appraisers will separately set the
amount of loss. If the appraisers submit a written report of an agreement
between them to “us”, the amount agreed upon will set the amount of loss
and be final. If they fail to agree, they will submit their differences to the
umpire. A decision agreed to by any two will then set the amount of loss
and be final.

D. Country breached its duty of good faith by putting its interests above those of its insured.

Washington's insurance bad faith law derives from statutory and regulatory provisions, and the common law. The insurance code begins with recognition that "[t]he business of insurance is one affected by the public interest, requiring that all persons be actuated by good faith, abstain from deception, and practice honesty and equity in all insurance matters." RCW 48.01.030. The insurance code permits the insurance commissioner to promulgate administrative regulations governing the claims-handling process. RCW 48.30.010.

Washington regulations define specific acts and practices that breach an insurer's duty of good faith. *Am. Mfrs. Mut. Ins. Co. v. Osborn*, 104 Wash. App. 686, 17 P.3d 1229, 1234 (2001) (citing Wash. Rev. Code § 48.30.010; Wash. Admin. Code §§ 284-30-300 to -800; *Tank v. State Farm Fire & Cas. Co.*, 105 Wash.2d 381, 715 P.2d 1133, 1136 (1986)); *Rizzuti v. Basin Travel Service of Othello, Inc.*, 125 Wash. App. 602, 105 P. 3d 1012 (2005).

As our Supreme Court held in *Tank v. State Farm Fire and Casualty Co.*, 105 Wn.2d 381 (1986), "Thus, an insurance company's duty of good faith rises to an even higher level than that of honesty and lawfulness of purpose toward its policyholders: an insurer must deal fairly with an insured, giving equal consideration *in all matters* to the insured's interests. (emphasis in the original)

In each of its decisions (preparing a low-ball estimate of repairs, refusing to cooperate with Step Up to reach an agreed scope and cost of repairs, refusing to submit to appraisal, failing to respond to the Kronemans' appraisal demand, refusing to adjust the Kronemans' contents claim, threatening to cut off the Kroneman's ALE benefits, refusing to pay the costs

1 incurred by the Kronemans for contents reset, exposing them to litigation, and refusing to pay
 2 for necessary air testing), Country put its interests above those of its insureds. Each violation of
 3 this rule constitutes bad faith.

4 **E. Defendant's assertion that Plaintiffs have no evidence of proximately**
 5 **caused damages to support their CPA claim is without merit.**

6 Country seeks dismissal of Plaintiffs' CPA claims for failure to provide evidence that
 7 the Kronemans suffered harm to their business or property. Dkt. #25 Defendant's violations of
 8 the WAC, and the resulting injuries, were pervasive throughout the handling of the claim.³

9 Any violation of WAC 284-30-330 meets the first three elements of the *Hangman Ridge*
 10 test for a CPA claim. Here, the only remaining elements to be proven are causation and injury
 11 to business or property. *Hangman Ridge Training Stables, Inc. v. Safeco Title Ins. Co.*, 105
 12 Wn.2d 778, 780, 719 P.2d 531 (1986).

13 This rule extends to all the regulations enumerated in WAC 284-30-300 through 800,
 14 and is not limited to WAC 284-30-330. As a matter of law, a violation of any one of the fair
 15 claims practice regulations set forth in WAC 284-30-300 through 800 constitutes a breach of
 16 the insurer's duty of good faith. *Rizzuti v. Basin Travel Service of Othello, Inc.*, 125 Wn. App.
 17 602, 615-16, 105 P.3d 1012 (2005) (citing *Am. Mfrs. Mut. Ins. Co. v. Osborn*, 104 Wn. App.
 18 686, 697, 17 P.3d 1229 (2001)). Also as a matter of law, a single violation of any one of the
 19 regulations under WAC-284-30 is an unfair or deceptive act or practice under the CPA.
 20 *Anderson v. State Farm Mut. Ins. Co.*, 101 Wn. App. 323, 331, 2 P.3d 1029 (2000); *Industrial*
 21 *Indem. Co. v. Kallevig*, 114 Wn.2d 907, 924, 792 P.2d 520 (1990).

24 ³ See Williams Decl./Report
 25

1 During the adjustment of the Kronemans' claim Country violated the following:

2 284-30-330 (1) Misrepresenting pertinent facts or insurance policy provisions.
3 Country misrepresented the holding of Keesling to the OIC in response to the
4 Kronemans' OIC complaint for its failure to respond to their demand for
5 appraisal.

6 (2) Failing to acknowledge and act reasonably promptly upon communications
7 with respect to claims arising under insurance policies.

8 Country refused to timely (or at all) respond to the Plaintiffs' pertinent
9 communications with respect to the demand for Appraisal or valuation of their
10 Personal Property Claims and unreasonably denied Plaintiffs' their contractual
11 right to the appraisal process.

12 (3) Failing to adopt and implement reasonable standards for the prompt
13 investigation of claims arising under insurance policies.

14 Country failed to promptly investigate the Plaintiffs' Structure and Personal
15 Property Claims. It unreasonably refused to adjust the Kronemans' claim after one
16 year.

17 (4) Refusing to pay claims without conducting a reasonable investigation.

18 Country throughout the adjustment of the claim, refused to fully pay the
19 Plaintiffs' Structure and Personal Property Claims without conducting a
20 reasonable investigation.

21 (6) Not attempting in good faith to effectuate prompt, fair and equitable
22 settlements of claims in which liability has become reasonably clear.

23 Country throughout the adjustment of the claim, did not attempt in good faith to
24 effectuate prompt, fair or equitable settlements of the Plaintiffs' Structure and
25 Personal Property Claims, even though liability had become reasonably clear.

(13) Failing to promptly provide a reasonable explanation of the basis in the
insurance policy in relation to the facts or applicable law for denial of a claim or
for the offer of a compromise settlement.

Country failed to provide any reasonable explanation of the basis in the
insurance policy in relation to the facts or applicable law for its refusal to provide
for the repair of the Kroneman residence with like kind and quality materials.
Stariha flatly refused to pay to reside all four elevations of the Kroneman

1 property. Telling the insured they were stupid and should read their policy.
2 Country also failed to provide any explanation to its insureds for its failure to
respond to the Kronemans' appraisal demand until an OIC complaint was filed.

3 (14) Unfairly discriminating against claimants because they are represented by a
4 public adjuster.

5 Country discriminated against the Plaintiffs once it learned that they were
6 represented by Mr. Grinell.

7 284-30-360 (3) For all other pertinent communications from a claimant
8 reasonably suggesting that a response is expected, an appropriate reply must be
9 provided within ten working days for individual insurance policies, or fifteen
10 working days with respect to communications arising under group insurance
11 contracts.

12 Country refused to timely respond to the Plaintiffs' pertinent communications
13 with respect to the demand for Appraisal or valuation of their Personal Property
14 Claims and unreasonably denied Plaintiffs' their contractual right to the appraisal
15 process.

16 (4) Upon receiving notification of a claim, every insurer must promptly provide
17 necessary claim forms, instructions, and reasonable assistance so that first party
18 claimants can comply with the policy conditions and the insurer's reasonable
19 requirements.

20 Country failed to provide any reasonable assistance to the Plaintiffs to help them
21 comply with the policy conditions.

22 284-30-370 Every insurer must complete its investigation of a claim within thirty
23 days after notification of claim, unless the investigation cannot reasonably be
24 completed within that time.

25 It is uncontroverted that Country failed to complete the investigation of the
Plaintiffs' Structure and Personal Property Claims within 30 days after
notification of the claims, even though it could have been reasonably completed
within that time.

284-30-380 (7) Insurers are responsible for the accuracy of evaluations to
determine actual cash value.

Country refused to make any actual cash evaluation of the Plaintiffs' claims for
Personal Property.

1 Unquestionably there are genuine issues of material fact as to whether Country violated
 2 the above listed WAC claims handling regulations during the pendency of the Kronemans'
 3 insurance claims.⁴ The only issue to be resolved by the Court is whether Plaintiffs suffered any
 4 injury or harm as a result of Country's many WAC violations.

5
 6 For a successful claim under the CPA, "no monetary damages need be proven, and that
 7 non-quantifiable injuries, such as loss of goodwill would suffice for this element of the
 8 *Hangman Ridge* test." *Mason v. Mortgage America, Inc.*, 114 Wn.2d 842, 854, 792 P.2d 142
 9 (1990). "The injury element will be met if the consumer's property interest or money is
 10 diminished because of the unlawful conduct, even if the expenses caused by the statutory
 11 violation are minimal." *Id.* The temporary loss of use of property is also injury under the CPA.
 12 *Mason v. Mortgage Am., Inc.*, 114 Wn.2d 842, 854, 792 P.2d 142 (1990) (temporary loss of
 13 use of property while brokerage company improperly withheld title constituted sufficient injury
 14 to support attorney fee award under the CPA); *Sign-O-Lite Signs, Inc. v. DeLaurenti Florists,*
 15 *Inc.*, 64 Wn. App. 553, 825 P.2d 714 (1992) (taking time away from business to respond to
 16 unfair or deceptive collection activity satisfies injury requirement when loss of business
 17 results).

18
 19 The Kronemans have been damaged because Country refused to pay for their personal
 20 property. The Kronemans have been damaged because Country refused to pay for repairs to
 21 two sides of their home. The Kronemans have been damaged because Country refused to pay
 22 the costs incurred for their contents reset. The Kronemans have been damaged because
 23

24
 25 ⁴ See Williams Decl./Report.

Country refused to repay them for the hygienist and the necessary air testing. The Kronemans have been damaged because Country did not complete its investigation within 30 days.

The CPA provides the Kronemans with a remedy for damage to their “business or property” as a result of unfair practices, including violations of Washington’s insurance regulations. RCW § 19.86.090; *see also* RCW § 48.01.030 (declaring that “[t]he business of insurance is one affected by the public interest”). Country declined to pay the Kronemans benefits for their personal property asserting that the passage of a year meant it had no further obligation to pay. Country would now have the Court conclude that it is “reasonable” to require the insured to incur the cost to repair / replace personal property without the expectation of receiving an actual cash value payment. Defendant concedes: “Plaintiffs chose to use money paid by Country Mutual for interior painting and decking to replace the siding on the undamaged portions of the home, and did the interior painting on their own.” Dkt. # 25 at pg. 5.

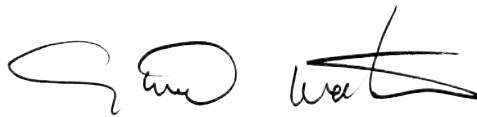
VI. CONCLUSION

Plaintiffs’ have demonstrated that genuine issues of material fact exist to allow a jury to decide if Country wrongly breached the insurance contract, violated the CPA and violated its obligations of good faith.

For the reasons outlined above the Kronemans respectfully request that Country’s Motion for Summary Judgment be denied and their Motion for Partial Summary Judgment be granted.

1
2
3
4
5 DATED this 15th day of June, 2015.
6

7 LAW OFFICES OF MICHAEL T. WATKINS

8 
9

10 _____
11 Michael T. Watkins, WSBA #13677
12 Attorney for Plaintiffs
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THE HONORABLE THOMAS S. ZILLY

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON, AT SEATTLE

KAREN AND KEITH KRONEMAN, husband
and wife, and the marital community thereof,

Plaintiffs,

v.

COUNTRY MUTUAL INSURANCE
COMPANY, a foreign corporation,

Defendant.

NO. CV 14-01223

**DECLARATION OF MICHAEL T.
WATKINS**

I, Michael T. Watkins, declare as follows:

1. I am over 18 years of age and otherwise competent to make this Declaration, which is based on my personal knowledge.

2. I am an attorney licensed in the state of Washington and I represent the Plaintiffs Keith and Karen Kroneman (the “Kronemans”) in the above-captioned matter.

3. On September 29, 2012 the Kronemans suffered a covered loss at their residence located at 9507 149th St East, Puyallup, WA.

1 4. The Kronemans timely submitted a claim to their insurer, Country, for benefits to
2 repair their real property with “like kind and quality” materials, replace their damaged personal
3 property, and provide additional living expenses (“ALE”).

4 5. The Kronemans retained the services of a public adjuster Kyle Grinnell (“Grinnell”) to
5 assist the Kronemans in presenting their claim to Country Mutual.

6 6. Country Mutual assigned Greg Stariha (“Stariha”) an adjuster located in the state
7 of Washington, to investigate and adjust the Kronemans’ claim.

8 **A. Violation of WAC 284-30-330((14) Unfairly discriminating against**
9 **claimants because they are represented by a public adjuster.**

10 7. Because the Kronemans retained the services of Grinnell, Stariha took an adversarial
11 position with the Kronemans in violation of WAC 284-30-330(14) of the claims handling
12 regulations. Attached to this Declaration as Exhibit No. 1 is a true and correct copy of excerpted
13 portions from the Deposition of Kyle Grinnell.

14 8. The fact that Stariha was discriminatory was corroborated in deposition testimony by
15 Bernie Williams (“B. Williams”) Senior Estimator for the Kronemans’ contractor, Step Up
16 Construction (“Step Up”). Attached to this Declaration as Exhibit No. 2 is a true and correct copy of
17 excerpted portions from the Deposition of Bernie Williams.

18 **B. Bad Faith Handling of ALE.**

19 9. After the fire, the Kronemans were relocated to a hotel until more suitable temporary
20 housing could be located while repairs were completed on the fire-damaged home.

21 10. DMA Insurance Housing Assistants (“DMA”) was tasked with finding the Kronemans
22 suitable accommodations while the loss was being adjusted.
23
24

1 11. Attached to this Declaration as Exhibit No. 3 is a true and correct copy of
2 Stariha's October 11, 2012 email to Kyle Grinnell.

3 12. Attached to this Declaration as Exhibit No. 4 is a true and correct copy of Stariha's
4 October 17, 2012 email to Grinnell.

5 13. Attached to this Declaration as Exhibit No. 5 is a true and correct copy of Stariha's
6 October 24, 2012 email to Grinnell.

7 **C. Country's Bad Faith Attempt to Underpay the Structure Claim.**

8 14. Attached to this Declaration as Exhibit No. 6 is a true and correct copy of Foederer's
9 October 16, 2012 estimate of repairs in the amount of \$36,453.36 RCV.

10 15. Attached to this Declaration as Exhibit No. 7 is a true and correct copy of the estimate
11 of repair generated by Williams in the amount of \$58,926.18.

12 **D. Country's Bad Faith Refusal to Pay for Incurred Hygienic Work.**

13 16. Attached to this Declaration as Exhibit No. 2 is a true and correct copy of excerpted
14 portions from the Deposition of Bernie Williams.

15 17. Attached to this Declaration as Exhibit No. 8 is a true and correct copy of Robin
16 Reed's ("Reed") February 21, 2013 email to Grinnell.

17 18. Attached to this Declaration as Exhibit No. 9 is a true and correct copy of the
18 Environmental Specialties Invoice in the amount of \$797.00

19 **E. Country's Bad Faith Refusal to Pay for Personal Property.**

20 19. On June 27, 2013 the Kronemans timely submitted an additional claim to their insurer
21 for damaged personal property. Country refused to pay for these items of personal property in
22
23
24

1 violation of the insurance contract. Attached to this Declaration as Exhibit No. 10 is a true and correct
2 copy of the June 27, 2013 supplemental claim letter submitted to Country Mutual.

3 20. Country still has not paid these items of personal property in violation of the insurance
4 contract.

5 21. On September 27, 2013 faced with the suit limitation clause, this litigation
6 commenced. Attached to this Declaration as Exhibit No. 11 is a true and correct copy to Plaintiffs'
7 Complaint and Summons filed in King County Superior Court.

8 22. Attached to this Declaration as Exhibit No. 12 is a true and correct copy of Country's
9 October 25, 2013 letter to Plaintiffs.

10 23. Thereafter, Country wrongfully refused to adjust the claim.

11 24. I was stunned to learn that Country was now arguing that my participation in preparing
12 the Joint Status Report in this case somehow was a waiver of my clients' rights to appraisal. Country
13 simply did not respond in anyway to my clients' appraisal demand in direct violation of the WAC
14 claims handling regulations.
15

16 I declare under penalty of perjury under the laws of the State of Washington that the foregoing
17 is true and correct.

18 Signed at Mountlake Terrace, Washington, this 15th day of June, 2015.
19

20
21 

22 Michael T. Watkins
23
24
25

Exhibit No. 1

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

KAREN and KEITH KRONEMAN, husband)	
and wife, and the marital)	
community thereof,)	
)	
Plaintiffs,)	No. 2:14-cv-01223-TSZ
)	
vs.)	
)	
COUNTRY MUTUAL INSURANCE COMPANY,)	
)	
Defendant.)	

VIDEOTAPED DEPOSITION OF KYLE T. GRINNELL

March 4, 2015

Tacoma, Washington

Byers & Anderson, Inc.

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Kyle T. Grinnell
March 4, 2015

1 A I'll tell you, without specific recollections, that
2 in general, it seemed like Greg Stariha was trying to
3 force them out of the hotel and into any rental house
4 prematurely. And if I recall right, he was putting
5 them on a very, very short leash and trying to compel
6 them out of a motel.
7 Q Why did you have that impression?
8 A Because that's what he was doing.
9 Q Okay. But what did you observe that gave you that
10 impression?
11 A I would have to refresh my memory to give you
12 specific answers by reviewing my e-mails with Greg
13 Stariha. But the tone of them was, They've got to
14 get out of the hotel. Why didn't they take the very
15 first house that was available to them?
16 I think that Greg was assuming things that were
17 inaccurate. And he -- he was assuming that they
18 wanted to be in the hotel instead of in a house.
19 This is my thought, that he was assuming that. He
20 didn't tell me he was assuming that.
21 Q Okay. Did Greg Stariha tell you that he was trying
22 to get them out of the hotel?
23 A I don't remember specifically. My general impression
24 was -- I didn't know Greg before that. My general
25 impression was that he was being a bully.

Page 70

1 Q Why was your impression that he was being a bully?
2 A You know, without putting a definition to "bully," he
3 fit it in that role right then. He was acting like a
4 bully.
5 Q What dose --
6 A And I think I called him on it.
7 Q What does acting like a bully mean to you?
8 A Throwing his weight around, trying to compel people
9 to do things.
10 Q So what did you observe or hear that led you to
11 believe that he was throwing his weight around and
12 trying to compel people to do things?
13 A I think that my e-mails were pretty good about this
14 point. The e-mails that I shared with you, I think,
15 were pretty good about this point. If I could read
16 them to you right now, it would be a pretty accurate
17 representation of what was going on. For me to
18 paraphrase and recollect, I think there's room for
19 more error than just what the e-mails are right
20 there.
21 Q Okay.
22 A And I can --
23 Q So the e-mails that you produced to me in this matter
24 are the sole recollection that you have of that
25 impression?

Page 71

1 A Truthfully, I handle a number of claims.
2 Q Mm-hmm.
3 A I'd kind of forgotten about this one.
4 Q Mm-hmm.
5 A You know, it's behind me. And when I saw those
6 e-mails, it all kind of came back: "Oh, yeah."
7 Q Okay.
8 A "Oh, yeah."
9 Q Okay. So those e-mails represent the basis of your
10 recollection of that impression?
11 A Yes.
12 Q Okay.
13 A They're the reminders for me. There were a few phone
14 conversations with Greg, but I don't have notes from
15 them. When I say "Greg," I mean Greg Stariha.
16 Q Okay. So you got the impression that he was being a
17 bully from the phone calls as well or just the
18 e-mails?
19 A Both.
20 Q Do you recall contacting Mr. Stariha in order to
21 resolve the notices to vacate from the hotel?
22 A I recall communication. I don't remember if it was
23 phone calls or e-mails or both.
24 Q Okay. Do you recall whether or not that situation
25 was resolved?

Page 72

1 A Yes.
2 Q Okay.
3 A It was resolved.
4 Q Was it resolved promptly, upon notice?
5 A Well, they weren't kicked out of a hotel, if that's
6 what you're asking.
7 Q Okay. Did you ask why they had received a notice to
8 vacate?
9 A Ask whom?
10 Q Anyone.
11 A I don't recall specifically asking why they received
12 one.
13 Q Did you -- did you ask the hotel why --
14 A I didn't --
15 Q -- they received a notice to vacate?
16 A I did not talk to the hotel.
17 Q Okay.
18 A It's pretty clear why they receive those. It's when
19 the insurance company says, I'm only approving
20 payment through this day.
21 Q Do you know of any conversation that Country stopped
22 payment to the hotel?
23 A Well, I know they did when they moved out. If you're
24 talking about prior to that, I don't remember.
25 Q Okay.

Page 73

19 (Pages 70 to 73)

<p>1 A They just had them on a very short time frame and</p> <p>2 were putting undue pressure on the insureds to just</p> <p>3 take any open house that they could move into.</p> <p>4 Q What do you mean "undue pressure"?</p> <p>5 A Well, putting pressure on them. In the first -- you</p> <p>6 know, if you can't -- you're already removed from</p> <p>7 your home. You're staying in a hotel, which is darn</p> <p>8 inconvenient. They had pets. I don't think the pets</p> <p>9 were in the hotel with them. The hotel was a long</p> <p>10 way from the kids' school district. Their lives were</p> <p>11 disrupted. And they were actively trying to find a</p> <p>12 rental home that fit their parameters to live in.</p> <p>13 They wanted to be somewhat close to where they lived.</p> <p>14 They wanted to be in the same general school district</p> <p>15 that their kids attended. And they didn't want the</p> <p>16 house to be a dump or dangerous.</p> <p>17 You know, so there's some criteria there. Most</p> <p>18 people are not just going to move into anything</p> <p>19 that's available to them. They're going to have some</p> <p>20 reason to question, Do I really want to be in this</p> <p>21 house or not? And my recollection is, is that Greg</p> <p>22 wanted them -- Greg Stariha -- wanted the Kronemans</p> <p>23 to take the first address that was offered up by the</p> <p>24 housing company.</p> <p>25 Q After you were retained, did Mr. Stariha have</p> <p>Page 74</p>	<p>1 used.</p> <p>2 Q Okay.</p> <p>3 A But that was definitely the gist of it.</p> <p>4 Q And what do you mean by that? "Tighter": What does</p> <p>5 that mean?</p> <p>6 A Essentially that he was going to punish them for</p> <p>7 having a representative.</p> <p>8 Q Did he use the word "punish"?</p> <p>9 A No, I don't believe so. But that was the intent.</p> <p>10 That was what was communicated and conveyed.</p> <p>11 There was one other thing that I remember, that</p> <p>12 I'd never heard anybody in the claims world tell me</p> <p>13 before. And that was that he had just recently paid</p> <p>14 Robin Reed, I think, like, a \$35,000 bonus. And I</p> <p>15 thought that very unusual that he would tell me that,</p> <p>16 and that there's no point in telling me. And it also</p> <p>17 seems like an unusual amount to pay to a claims</p> <p>18 adjuster. But his point in doing it and his</p> <p>19 inference of it was that he paid her to be frugal. I</p> <p>20 found Robin Reed to be very pleasant.</p> <p>21 Q Was Ms. Reed present during that conversation?</p> <p>22 A I don't remember if she was or not. She might not</p> <p>23 have been right there right then.</p> <p>24 Q Do you recall any of the statements that the</p> <p>25 representatives of Country's made to the Kroneman [sic]</p> <p>Page 76</p>
<p>1 communications with the insureds?</p> <p>2 A I don't believe he had direct communication, no.</p> <p>3 Q All of the communications went through you?</p> <p>4 A I think so.</p> <p>5 Q Okay. At that first meeting where the</p> <p>6 representatives for Country were present, do you</p> <p>7 recall anything about the conversation at that</p> <p>8 meeting?</p> <p>9 A One thing I recall pretty specifically. Two -- two</p> <p>10 things I recall pretty specifically.</p> <p>11 Q What do you recall?</p> <p>12 A One was Greg Stariha just flat saying that he was</p> <p>13 going to treat the insureds different; he was going</p> <p>14 to be tighter on them because I was involved. And</p> <p>15 another thing was Greg just saying -- Greg Stariha</p> <p>16 saying that there was no way he was going to pay for</p> <p>17 the other two elevations of siding. And I told him,</p> <p>18 if it was my home, I would sue him right then. I</p> <p>19 think that surprised him that someone would say that.</p> <p>20 Q With regard to the first statement that you recall</p> <p>21 that I believe -- and correct me if I'm paraphrasing</p> <p>22 this incorrectly. You said that Mr. Stariha said</p> <p>23 that he was going to be tighter on the insureds.</p> <p>24 Were those the actual words he used?</p> <p>25 A I don't remember if that's the actual word that he</p> <p>Page 75</p>	<p>1 at that first meeting?</p> <p>2 A I do not.</p> <p>3 Q Did you take notes of that meeting anywhere?</p> <p>4 A I don't think so.</p> <p>5 Q Do you recall any of the exact words of those</p> <p>6 conversations?</p> <p>7 A Yes.</p> <p>8 Q What exact words do you remember?</p> <p>9 A When I told Greg Stariha, if this were my house, I</p> <p>10 would sue you right now.</p> <p>11 Q Did the Kronemans hear you tell him that?</p> <p>12 A I don't think so. I don't know.</p> <p>13 And, you know, I have to correct something here.</p> <p>14 I think you're asking me if this was all at the first</p> <p>15 meeting. And I don't remember the order of all of</p> <p>16 this. I met with Greg Stariha at the house more than</p> <p>17 one time. It may not have been at this first</p> <p>18 meeting. It may have been at a subsequent meeting.</p> <p>19 So I want to be clear on that, that I could be wrong</p> <p>20 on when that happened.</p> <p>21 Q Okay.</p> <p>22 A And when any of those conversational elements</p> <p>23 happened.</p> <p>24 Q But you know that they happened in person?</p> <p>25 A Yes.</p> <p>Page 77</p>

1 STATE OF WASHINGTON) I, John M.S. Botelho, CCR, RPR,
2) ss a certified court reporter
3 County of Pierce) in the State of Washington,
4 do hereby certify:

5 That the foregoing deposition of KYLE T. GRINNELL
6 was taken before me and completed on March 4, 2015, and
7 thereafter was transcribed under my direction; that the
8 deposition is a full, true and complete transcript of the
9 testimony of said witness, including all questions, answers,
10 objections, motions and exceptions;

11 That the witness, before examination, was by me
12 duly sworn to testify the truth, the whole truth, and
13 nothing but the truth, and that the witness reserved the
14 right of signature;

15 That I am not a relative, employee, attorney or
16 counsel of any party to this action or relative or employee
17 of any such attorney or counsel and that I am not
18 financially interested in the said action or the outcome
19 thereof;

20 That I am herewith securely sealing the said
21 deposition and promptly delivering the same to
22 Attorney Dannielle N. Booth.

23 IN WITNESS WHEREOF, I have hereunto set my hand
24 this 11th day of March, 2015.



25
John M.S. Botelho
John M.S. Botelho, CCR, RPR
Certified Court Reporter No. 2976
(Certification expires 5/26/15.)

Exhibit No. 2

**Byers & Anderson Court Reporters/Video/Videoconferencing
Seattle/Tacoma, Washington**

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

KAREN and KEITH KRONEMAN, husband)	
and wife, and the marital)	
community thereof,)	
)	
Plaintiffs,)	No. 2:14-cv-01223-TSZ
)	
vs.)	
)	
COUNTRY MUTUAL INSURANCE COMPANY,)	
)	
Defendant.)	

VIDEOTAPED DEPOSITION OF BERNIE O. WILLIAMS

March 4, 2015

Tacoma, Washington

Byers & Anderson, Inc.

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**Bernie O. Williams
March 4, 2015**

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Seattle/Tacoma, Washington

1 **correspondence. I don't recall.**

2 Q How many times did you meet with Mr. Stariha in
3 person?

4 A **I don't recall.**

5 Q Was it more than once?

6 A **Yes.**

7 Q And was the purpose of those meetings simply to
8 resolve the scope of repairs?

9 A **I believe so.**

10 Q Did you meet with Mr. Stariha for any other reason
11 other than to discuss the scope of repair?

12 A **Not in person.**

13 Q Do you recall how long you were involved?

14 A **I don't.**

15 Q Okay. Continuing on to Page 27, is this a
16 continuation of the estimate for exterior siding?

17 A **It appears to be.**

18 Q Okay. Skipping ahead -- bear with me -- to Page 30,
19 I see an estimate for air clearance testing. Can you
20 explain to me what that is?

21 A **Air clearance testing, as part of a fire, is**
22 **important because of the materials not just that were**
23 **burnt in the fire that have off-gassed chemicals, but**
24 **also as the result of new construction or repairs**
25 **when adhesives and those types of things are used.**

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1 In this case, I believe Ms. Kroneman and one of her
2 children had asthma, pretty significant asthma, which
3 is part of the reason that we recommended air
4 testing.

5 Q Do you know if air testing was performed?

6 A It was.

7 Q And do you know what the results of that air testing
8 were?

9 A I do.

10 Q And what were those?

11 A I believe the industrial hygienist found pockets of
12 unacceptable gases in areas of the home. I
13 recommend -- I know he recommended cycling of the air
14 in the home. I don't remember how many cycling --
15 cyclings. I just don't recall that amount. But it
16 was -- it was excessive, in order to clear the home
17 of gases.

18 Q Forgive me for my ignorance, but can you explain to
19 me what air cycling is?

20 A It's where you have a negative air system in the home
21 and air is being cycled through the home. You're
22 just -- you're moving, you're causing the air in the
23 home to move and become turbulent, and you're
24 bringing new air in and -- and getting the old air
25 out.

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1 Q And when you said the industrial hygienist
2 recommended excessive air cycling, what do you mean
3 by "excessive"?

4 A Well, I just remember -- I may have put that the
5 wrong way. It was more of a personal feeling. I've
6 had air cycling in homes before. And I don't
7 remember the exact number of times that that air had
8 to be cycled, but I remember thinking at the time, it
9 seems like a lot of times.

10 Q On the bottom of Page 30, I see a note indicating
11 that Mr. Stariha did not agree to VOC testing. Do
12 you remember discussing this with him?

13 A I do.

14 Q And do you remember the content of those discussions?

15 A I do. It -- I remember -- I remember that the main
16 content of those discussions was the family's asthma.

17 Q Do you remember Mr. Stariha ever providing you a
18 reason why he would not pay for the VOC testing?

19 A I don't.

20 Q Did you provide Mr. Stariha any information about the
21 VOC testing outside what's contained in this
22 estimate?

23 A Yes.

24 Q And what information was that?

25 A The actual report from the industrial hygienist.

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1 EXAMINATION

2 BY MR. WATKINS:

3 Q It's -- it's an issue that was brought up by
4 Mr. Grinnell. And I just wanted to ask if you had
5 been present.

6 I am paraphrasing, and counsel will correct me if
7 I'm wrong, but I believe that Mr. Grinnell indicated
8 that at some point Mr. Stariha had indicated that he
9 would discriminate against the Kronemans because they
10 used a PA, a public adjustor. I'm not sure I said it
11 exactly right. But he said -- I don't recall the
12 words, but he indicated that the claim would be
13 harder, tougher, something like that.

14 The only question I have is: Were you present
15 when that statement or that conversation occurred?

16 A I was.

17 Q And could you please tell us your best recollection
18 of that conversation? I know it's been a while.

19 A I remember -- and I think I'm paraphrasing here.
20 Kyle Grinnell said, Are you treating the Kronemans
21 differently because I'm involved? And I remember
22 Greg Stariha said, "Yes, I am," or "Yes," or
23 something to that effect. And if I remember
24 correctly after that, Kyle Grinnell made some gesture
25 of, I'd be happy to pull out, or something to that

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1 effect. I'm -- I'm sorry. I don't want to say
2 anything I'm not specifically clear on,
3 but... (Pause.)

4 Q Was it to the -- the affect, I'm sorry -- was it your
5 understanding that Mr. Grinnell made an offer that he
6 would pull out and no longer be the PA if things
7 would go better with Mr. Stariha with the Kronemans,
8 something like that?

9 A That's correct.

10 MR. WATKINS: Okay. Those are all
11 the questions I have. Thank you.

12

13

14 FURTHER EXAMINATION

15 BY MS. MICHELI:

16 Q Can I clear up on just one thing? So is your
17 recollection of that conversation that Kyle initiated
18 the conversation with Mr. Stariha?

19 A Yes.

20 Q And do you recall Mr. Stariha specifically stating
21 that he would discriminate against the Kronemans
22 because they had a public adjustor?

23 A The only thing I remember him saying was, "Yes"
24 or "Yes, I am," something to that extent. No --
25 nothing beyond that.

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Seattle/Tacoma, Washington

1 STATE OF WASHINGTON) I, John M.S. Botelho, CCR, RPR,
2 County of Pierce) ss a certified court reporter
3 do hereby certify:

4
5 That the foregoing deposition of BERNIE O.
6 WILLIAMS was taken before me and completed on March 4, 2015,
7 and thereafter was transcribed under my direction; that the
8 deposition is a full, true and complete transcript of the
9 testimony of said witness, including all questions, answers,
10 objections, motions and exceptions;

11 That the witness, before examination, was by me
12 duly sworn to testify the truth, the whole truth, and
13 nothing but the truth, and that the witness reserved the
14 right of signature;

15 That I am not a relative, employee, attorney or
16 counsel of any party to this action or relative or employee
17 of any such attorney or counsel and that I am not
18 financially interested in the said action or the outcome
19 thereof;

20 That I am herewith securely sealing the said
21 deposition and promptly delivering the same to
22 Attorney Allison L. Micheli.

23 IN WITNESS WHEREOF, I have hereunto set my hand
24 this 11th day of March, 2015.

25

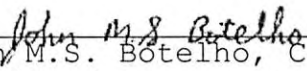

John M.S. Botelho, CCR, RPR
Certified Court Reporter No. 2976
(Certification expires 5/26/15.)



Exhibit No. 3

From: Stariha, Greg
Sent: Thursday, October 11, 2012 9:24 AM
To: 'Kyle Grinnell'
Subject: RE: Kroneman/185-0027057

Kyle,

I'd like to make sure we are clear on the ALE issue. The Kronemans are currently in the the Holiday Inn Express. The rate is \$294.84/night. DMA housing has found two homes that are closer to their home than the Holiday Inn Express. One option is \$2850/month and the other is \$3,295/month. Both homes are furnished. Both homes are available for immediate occupation. DMA has indicated that the Kronemans have refused at least the first option because the home is off the bus route for the children. While I understand this would be an inconvenience, I do not feel it to be a valid reason to continue the stay in the Holiday Inn or for Country to pay that increased cost. If you have another option you would like to run by us, please do so. We are open to suggestions. However, we do feel that the amount Country would owe to reimburse the Kronemans under ALE coverage should be capped at the cost of the monthly rent at the either of the options provided by DMA. I would like to resolve this issue prior to the weekend.

Also, please keep me updated on the progress of the repair estimate from Bernie Williams.

Please give me a call to discuss today when you get a chance. I look forward to hearing from you.

Greg Stariha, AIC, CPCU
Seattle Claims Supervisor
COUNTRY FINANCIAL
ph: 253-661-9957 fax: 888-281-4512
jreg.stariha@countryfinancial.com

From: Kyle Grinnell [mailto:kyle@allwestadjusters.com]
Sent: Wednesday, October 10, 2012 12:32 PM
To: Stariha, Greg
Cc: Kyle Grinnell
Subject: Re: Kroneman/185-0027057

I heard from DMA that they found one house but it was rejected as it was in a different school district. I think that they are okay for the incidentals, but I will ask them again about that.

I spoke with Bernie this morning. He was meeting a couple of subs out there today and thought he would have his sheet done soon.

I did not ask First Choice for an estimate. I have always dealt with cleaners on a T&M basis.

I hope Robin has a blast on her trip. It sounded like a great adventure.
Kyle

On Oct 10, 2012, at 11:46 AM, "Stariha, Greg"
<greg.stariha@countryfinancial.com> wrote:

Hello Kyle,

CMIC_000020

Robin Reed is out this week and next so I will be point man for that duration.

Can you update me on the status of the Kroneman's ALE claim? Have they been in touch with DMA Housing and have they found a suitable home to stay in during the repairs? Also, do they have any receipts/invoices they would like us to process for incurred costs to date? If so, if they could submit the receipts along with an itemization that would be great and assist us in getting a payment to them quickly.

I spoke briefly with Bernie Williams last week regarding the estimate. Does he have a completed estimate at this time for us to review?

What is the current status of the packout of the personal property? Does First Choice have an estimate for us yet on the personal property packout/cleaning as well as the dwelling cleaning?

Thanks for the update. Please let me know if our customers have any questions or needs at this time that have not been met.

Greg Stariha, AIC, CPCU
Seattle Claims Supervisor
COUNTRY FINANCIAL
ph: 253-661-9957 fax: 888-281-4512
greg.stariha@countryfinancial.com

Kyle T. Grinnell, President
Allwest Adjusters, Inc.
4108 57th St. Ct. East
Tacoma, WA 98443
(253) 896-3700
fax: (253) 896-3702
www.allwestadjusters.com

Exhibit No. 4

From: Stariha, Greg
Sent: Wednesday, October 17, 2012 7:58 AM
To: 'Kyle Grinnell'
Subject: RE: ALE

Kyle,

We are not able to consider your request for a buy out on the ALE coverage. In order to be covered, the expenses must be incurred. We are willing to give DMA housing one more week to find a house that the Kronemans will accept. We will terminate the hotel direct bill as of October 26. Per DMA, it will take about a week for them to get into a house after signing a lease. If you or your clients come up with another solution, please contact me to discuss. Please have them forward the invoices and meal receipts at any time for reimbursement.

Sincerely,

Greg Stariha, AIC, CPCU
Seattle Claims Supervisor
COUNTRY FINANCIAL
ph: 253-661-9957 fax: 888-281-4512
greg.stariha@countryfinancial.com

From: Kyle Grinnell [mailto:kyle@allwestadjusters.com]
Sent: Tuesday, October 16, 2012 5:28 PM
To: Stariha, Greg
Cc: Kyle Grinnell
Subject: ALE

Greg,
I spoke with Mr. Insured right after leaving. I asked him about those other homes and I received the same response regarding the dogs being refused. I don't know if you are hearing the same story. I asked him if he would be willing to board the dogs. He checked with his wife and that idea was promptly shot down.

I did broach the subject of possibly doing a fair rental value situation and it seemed favorably received.

There hotel is only approved through Wednesday morning. Please extend that.
Kindest Regards,
Kyle

Kyle T. Grinnell, President
Allwest Adjusters, Inc.
4108 57th St. Ct. East
Tacoma, WA 98443
(253)896-3700
fax: (253)896-3702
www.allwestadjusters.com

CMIC_000086

Exhibit No. 5

From: Kyle Grinnell [kyle@allwestadjusters.com]
Sent: Wednesday, October 24, 2012 10:19 AM
To: Stariha, Greg
Cc: Kyle Grinnell
Subject: Re: Kroneman/185-0027057

Greg,
You are going to do whatever you want to do. You've made that plain already. You seem to think that the insured has been turning down houses that were appropriate and are desiring to run up a huge hotel bill. To my knowledge they have not been in one home yet that would accept their dogs and had a fenced yard so that the dogs would be secure.

Capriciously cutting off ALE benefits is in fact bad faith. Country owes them for their increase in living expenses. It isn't some gift or favor that the policy provides. It is an obligation. Please stop with the threat. It is inappropriate. Everyone wants them in a home that will work for them. I don't believe that anyone is trying to prevent that. Just do your job, which is to indemnify; not bully or threat.

I don't really care which service provider is involved in trying to find a house for them. I think they all do pretty much the same level of service. Your provider is most likely doing what they can do. I stay out of the equation because it isn't what I do. Let the pros do their part. It will be handled.

You know the only other potential solution was shot down. Thanks for the policy that I just took a quick look at with regards to ALE (page 14). It looks option 2 there would have applied if you were open minded about it. You may wish to rethink that. Your reason for not doing fair rental value did not make a lot of sense to me from a practical point of view. If you are open to it, I will address it with your insureds to see if they will be accepting of it. That's really about all I can think of to offer as a possible solution.

Kyle

On Oct 24, 2012, at 7:48 AM, "Stariha, Greg" <greg.stariha@countryfinancial.com> wrote:

Lauren,

Please let me know if this goes through.

Kyle,

I would be willing to extend the hotel to Nov. 2 if this property is a go. If not, we will have to stand by our decision to cut off the hotel on October 26 as previously noted. Again, if you have any other housing possibilities or options you would like for us to consider, please let me know.

Greg Stariha, AIC, CPCU
Seattle Claims Supervisor
COUNTRY FINANCIAL
ph: 253-661-9957 fax: 888-281-4512
greg.stariha@countryfinancial.com

From: Lauren Morse [mailto:lmorse@dmahousing.com]
Sent: Tuesday, October 23, 2012 2:55 PM
To: Stariha, Greg
Subject: RE: Kroneman/185-0027057

CMIC_000136

Exhibit No. 6


Country Financial

Insured: Kieth Kronanen
 Property: 9507 149th St. E.
 Puyallup, WA 98374

Claim Rep.: Tim Foederer
 Business: 32001 32nd Ave S. Suite 300
 Federal Way, WA 98001

Business: (253) 661-9950

Estimator: Tim Foederer
 Business: 32001 32nd Ave S. Suite 300
 Federal Way, WA 98001

Business: (253) 661-9950

Claim Number: 185-0027057

Policy Number: AK4374742

Type of Loss: Fire

Date of Loss:
 Date Inspected: 10/16/2012

Date Received:
 Date Entered: 10/9/2012 8:38 AM

Price List: WASE7X_OCT12
 Restoration/Service/Remodel
 Estimate: KRONANENCLEAN

This estimate of repairs reflects the extent of known covered damage to your property. You may have the repairs made by a contractor of your choice. However, any repair charges that increase the repair cost above our estimate will be your responsibility unless agreed to in advance by us. COUNTRY Financial does not guarantee the workmanship of any contractor or vendor. Contractors and vendors are selected and hired by you.

Please note: If you have purchased replacement cost coverage (see your policy declarations page), you have one year from the date of loss to make repairs noted on this estimate and to request payment for the difference between the actual repair costs and the amount we have already paid. However, any replacement cost exceeding our estimate will be your responsibility unless otherwise agreed to by us.

CMIC_000110



Country Financial

KRONANENCLEAN

KRONANENCLEAN

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
This home is 10 years old. Depreciation is based on the age of the home. Flooring 10 years. Paint 3 years.					
Total: KRONANENCLEAN			0.00	0.00	0.00

General Conditions

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
permits & fees (Open item)* Will wait for permit invoice.	1.00 EA	0.00	0.00	(0.00)	0.00
Engineering fees (Bid item)	1.00 EA	375.00	375.00	(0.00)	375.00
This line item covers the cost associated with the retention of a structural engineer for one site visit/inspection and the furnishing of a letter to meet pre-permitting requirements as defined by the city of Puyallup. Any additional engineering, if required, is considered an open item in this estimate and it is agreed that any and all cost associated with required engineering, above and beyond that of the site visit and letter referenced above, will be paid as incurred.					
Temporary power usage (per month) This will be paid under ALE.	0.00 MO	93.48	0.00	(0.00)	0.00
Temporary toilet (per month)	2.00 MO	161.50	323.00	(0.00)	323.00
Dumpster load - Approx. 20 yards, 4 tons of debris These dumpsters will be used for the insulation removal from the attic as well as the carpet, siding and construction debris.	2.00 EA	659.66	1,319.32	(0.00)	1,319.32
Final cleaning - construction - Residential	2,450.00 SF	0.22	539.00	(0.00)	539.00
Totals: General Conditions			2,556.32	0.00	2,556.32

Main Level

Main Level

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Two ladders with jacks and plank (per day)	1.00 DA	104.12	104.12	(0.00)	104.12
These items are for the painting of the cleaning and painting of the open soffit around the home. Includes: Equipment cost for two aluminum extension ladders with two jacks and one plank. This is to side the gable end.					
R&R Siding - vinyl This is for the rear of the home and fire side of the home.	1,425.60 SF	2.86	4,077.22	(721.35)	3,355.87



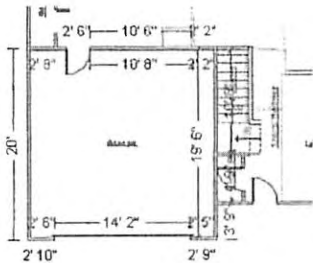
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CONTINUED - Main Level

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Includes: Vinyl siding, starter strip, under sill trim, j-trim, outside corner post, 16 gauge staples, and installation labor. Labor cost to remove siding and to discard in a job-site waste receptacle. Quality: Average grade, .042" to .044" thickness, standard colors and patterns. Note: Labor yield assumption addresses the average time necessary for normal one or two story applications where the ladder scaffold platform does not exceed 20'.					
R&R Attic vent - gable end - vinyl	1.00 EA	94.68	94.68	(32.71)	61.97
R&R Light/outlet J-block - Vinyl	3.00 EA	18.52	55.56	(9.68)	45.88
R&R House wrap (air/moisture barrier)	1,425.60 SF	0.37	527.47	(0.00)	527.47
R&R Gutter / downspout - aluminum - up to 5"	56.00 LF	4.70	263.20	(0.00)	263.20
This is for the rear of the home gutter and down spout.					
Light fixture - Detach & reset	1.00 EA	40.87	40.87	(0.00)	40.87
R&R Sheathing - waferboard - 1/2"	256.00 SF	1.52	389.12	(0.00)	389.12
This is the wall sheathing needing replaced at the fire damaged area.					
R&R Deck guard rail - treated lumber	6.00 LF	23.14	138.84	(0.00)	138.84
R&R 4" x 4" square wood post (1.33 BF per LF)	8.00 LF	6.09	48.72	(0.00)	48.72
These above two items are for the damaged wood post and hand rail.					
Pressure/chemical wash - Minimum charge	1.00 EA	160.00	160.00	(0.00)	160.00
This is to pressure wash the deck.					
Paint deck - 2 coats paint	488.00 SF	0.75	366.00	(0.00)	366.00
This is to paint the deck and handrail.					
2" x 10" x 16' #2 & better Fir / Larch (material only)	1.00 EA	18.33	18.33	(0.00)	18.33
Carpenter - General Framer - per hour	6.00 HR	51.85	311.10	(0.00)	311.10
These above two items are to replaced the damaged rim joist.					
Total: Main Level			6,595.23	763.74	5,831.49



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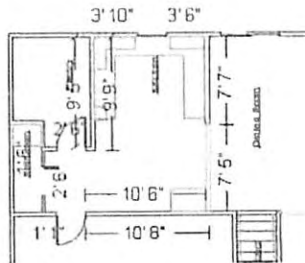
Garage

Height: 8'

506.22 SF Walls	372.13 SF Ceiling
878.35 SF Walls & Ceiling	372.13 SF Floor
41.35 SY Flooring	60.50 LF Floor Perimeter
77.17 LF Ceil. Perimeter	

Door	14' 2" X 6' 8"	Opens into Exterior
Door	2' 6" X 6' 8"	Opens into KITCH_ADD_ON

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Furnace - check, clean, replace filters and service	1.00 EA	130.63	130.63	(0.00)	130.63
Includes: Labor and materials cost to check and clean a furnace and replace filters.					
Totals: Garage			130.63	0.00	130.63



Kitchen

Height: 8'

254.25 SF Walls	166.17 SF Ceiling
420.42 SF Walls & Ceiling	124.74 SF Floor
13.86 SY Flooring	13.12 LF Floor Perimeter
57.90 LF Ceil. Perimeter	

Window	2' 6" X 2' 6"	Opens into Exterior
Door	2' 6" X 6' 8"	Opens into KITCHEN
Door	2' 6" X 6' 8"	Opens into BATHROOM
Door	2' 6" X 6' 8"	Opens into GARAGE
Missing Wall - Goes to Floor	7' 5" X 6' 8"	Opens into DINING_ROOM

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Clean ductwork - Interior (PER REGISTER)	2.00 EA	28.86	57.72	(0.00)	57.72
Heat/AC register - Mechanically attached - Detach & reset	2.00 EA	13.40	26.80	(0.00)	26.80
Paint the ceiling - two coats	166.17 SF	0.55	91.39	(0.00)	91.39
Totals: Kitchen			175.91	0.00	175.91



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Stairs

Height: 17'

19.10 SF Walls	3.17 SF Ceiling
22.27 SF Walls & Ceiling	7.25 SF Floor
0.81 SY Flooring	1.38 LF Floor Perimeter
1.17 LF Ceil. Perimeter	

Missing Wall
Missing Wall3' 2" X 17'
1' X 17'Opens into ENTRY_HALLWA
Opens into ENTRY_HALLWA

Subroom: Stairs2 (1)

Height: 17'

193.70 SF Walls	25.00 SF Ceiling
218.70 SF Walls & Ceiling	48.18 SF Floor
5.35 SY Flooring	18.67 LF Floor Perimeter
15.17 LF Ceil. Perimeter	

Missing Wall

3' 4" X 17'

Opens into STAIRS1

Subroom: Stairs1 (2)

Height: 17'

105.00 SF Walls	11.07 SF Ceiling
116.07 SF Walls & Ceiling	11.08 SF Floor
1.23 SY Flooring	6.67 LF Floor Perimeter
6.67 LF Ceil. Perimeter	

Missing Wall
Missing Wall3' X 17'
3' 4" X 17'Opens into STAIRS
Opens into STAIRS2

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Paint the surface area - two coats	334.77 SF	0.55	184.12	(0.00)	184.12
Step charge for "waterfall" carpet installation	11.00 EA	4.88	53.68	(26.84)	26.84
R&R Carpet	66.52 SF	3.05	202.88	(93.46)	109.42
R&R Carpet pad	66.52 SF	0.72	47.90	(20.96)	26.94
Totals: Stairs			488.58	141.26	347.32



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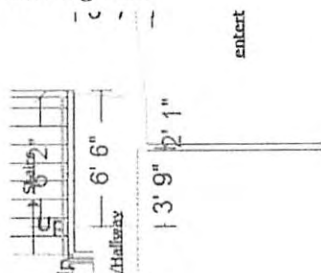
Missing Wall

Door

Door

Missing Wall

Missing Wall



Missing Wall

Missing Wall

Missing Wall

Missing Wall

Missing Wall

Entry/Hallway

Height: 8'

55.33 SF Walls	29.42 SF Ceiling
84.76 SF Walls & Ceiling	29.42 SF Floor
3.27 SY Flooring	6.08 LF Floor Perimeter
11.08 LF Ceil. Perimeter	

Opens into LIVING_ROOM

Opens into Exterior

Opens into ENTRY_CLST

Opens into STAIRS

Opens into STAIRS

Subroom: Room2 (1)

Height: 8'

52.00 SF Walls	19.55 SF Ceiling
71.55 SF Walls & Ceiling	19.55 SF Floor
2.17 SY Flooring	6.50 LF Floor Perimeter
6.50 LF Ceil. Perimeter	

Opens into DINING_ROOM

Opens into ENTERTAINMEN

Opens into LIVING_ROOM

Opens into LIVING_ROOM

Opens into ENTRY_HALLWA

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Paint the ceiling - two coats - 2 colors	48.97 SF	0.66	32.32	(0.00)	32.32
Clean ductwork - Interior (PER REGISTER)	1.00 EA	28.86	28.86	(0.00)	28.86
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	13.40	13.40	(0.00)	13.40
R&R Carpet	48.97 SF	3.05	149.36	(68.81)	80.55
R&R Carpet pad	48.97 SF	0.72	35.26	(15.43)	19.83
Totals: Entry/Hallway			259.20	84.24	174.96



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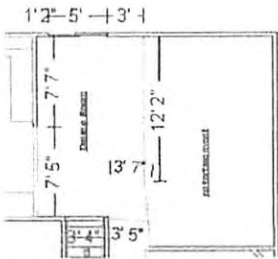
Living Room

Height: 8'

266.13 SF Walls	140.78 SF Ceiling
406.91 SF Walls & Ceiling	140.78 SF Floor
15.64 SY Flooring	33.27 LF Floor Perimeter
33.27 LF Ceil. Perimeter	

Window	2' X 4'	Opens into Exterior
Window	2' X 4'	Opens into Exterior
Missing Wall	9' 7" X 8'	Opens into ENTRY_HALLWA
Missing Wall	3' 9" X 8'	Opens into ROOM2
Missing Wall	5" X 8'	Opens into ROOM2

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Paint the ceiling - two coats - 2 colors	140.78 SF	0.66	92.91	(0.00)	92.91
Clean ductwork - Interior (PER REGISTER)	2.00 EA	28.86	57.72	(0.00)	57.72
Heat/AC register - Mechanically attached - Detach & reset	2.00 EA	13.40	26.80	(0.00)	26.80
R&R Carpet	140.78 SF	3.05	429.38	(197.80)	231.58
R&R Carpet pad	140.78 SF	0.72	101.36	(44.35)	57.01
Totals: Living Room			708.17	242.15	466.02



Dining Room

Height: 8'

156.09 SF Walls	136.11 SF Ceiling
292.20 SF Walls & Ceiling	136.11 SF Floor
15.12 SY Flooring	17.68 LF Floor Perimeter
30.10 LF Ceil. Perimeter	

Door	5' X 6' 8"	Opens into Exterior
Missing Wall - Goes to Floor	7' 5" X 6' 8"	Opens into KITCH_ADD_ON
Missing Wall	3' 7 1/8" X 8'	Opens into ROOM2
Missing Wall	3' 3 7/8" X 8'	Opens into ENTERTAINMEN
Missing Wall	12' 2" X 8'	Opens into ENTERTAINMEN

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Seal floor or ceiling joist system (shellac)	136.11 SF	0.84	114.33	(0.00)	114.33
R&R 5/8" drywall - hung, taped, ready or texture	136.11 SF	1.90	258.61	(0.00)	258.61



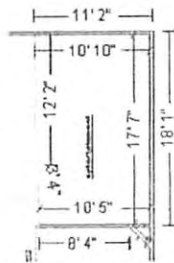
Country Financial

CONTINUED - Dining Room

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Texture drywall - machine	292.20 SF	0.30	87.66	(0.00)	87.66
Seal part of the walls and ceiling shellac - one coat	142.20 SF	0.39	55.46	(0.00)	55.46
Seal the surface area w/latex based stain blocker - one coat	150.00 SF	0.33	49.50	(0.00)	49.50
Mask and prep for paint - paper and tape (per LF)	17.68 LF	0.44	7.78	(0.00)	7.78
Masking at wall to baseboard interface					
Paint baseboard - two coats	17.68 LF	0.83	14.67	(0.00)	14.67
Clean ductwork - Interior (PER REGISTER)	1.00 EA	28.86	28.86	(0.00)	28.86
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	13.40	13.40	(0.00)	13.40
R&R Chandelier	1.00 EA	223.48	223.48	(0.00)	223.48
R&R 1/2" drywall - hung, taped, loaded, ready for paint	80.00 SF	1.94	155.20	(0.00)	155.20
Removal of gypsum wallboard on the walls completed by the mitigation company.					
Paint the walls and ceiling - two coats	292.20 SF	0.55	160.71	(0.00)	160.71
Mask and prep for paint - plastic, paper, tape (per LF)	30.10 LF	0.83	24.98	(0.00)	24.98
Batt insulation - 6" - R21	120.00 SF	0.89	106.80	(0.00)	106.80
Clean ductwork - Interior (PER REGISTER)	3.00 EA	28.86	86.58	(0.00)	86.58
Heat/AC register - Mechanically attached - Detach & reset	2.00 EA	13.40	26.80	(0.00)	26.80
Detach & Reset Cold air return cover - Large	1.00 EA	18.29	18.29	(0.00)	18.29
R&R Carpet - metal transition strip	3.00 LF	3.49	10.47	(4.37)	6.10
R&R Carpet pad	136.11 SF	0.72	98.00	(42.88)	55.12
R&R Carpet	136.11 SF	3.05	415.14	(191.24)	223.90
R&R Baseboard - 2 1/4"	7.68 LF	2.51	19.27	(0.00)	19.27
Totals: Dining Room			1,975.99	238.49	1,737.50



Country Financial



entertainment

Height: 8'

310.67 SF Walls	188.92 SF Ceiling
499.58 SF Walls & Ceiling	188.92 SF Floor
20.99 SY Flooring	38.83 LF Floor Perimeter
38.83 LF Ceil. Perimeter	

Missing Wall

12' 2" X 8'

Opens into DINING_ROOM

Missing Wall

3' 3 7/8" X 8'

Opens into DINING_ROOM

Missing Wall

2' 1 7/16" X 8'

Opens into ROOM2

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
5/8" drywall - hung, taped, ready for texture	188.92 SF	1.52	287.16	(0.00)	287.16
Replacement of gypsum wallboard on the lid removed by the mitigation company.					
R&R 1/2" drywall - hung, taped, floated, ready for paint	80.00 SF	1.94	155.20	(0.00)	155.20
Removal of gypsum wallboard on the walls completed by the mitigation company.					
Paint the walls and ceiling - two coats	499.58 SF	0.55	274.77	(0.00)	274.77
Mask and prep for paint - plastic, paper, tape (per LF)	38.83 LF	0.83	32.23	(0.00)	32.23
Batt insulation - 6" - R21	120.00 SF	0.89	106.80	(0.00)	106.80
Clean ductwork - Interior (PER REGISTER)	3.00 EA	28.86	86.58	(0.00)	86.58
Heat/AC register - Mechanically attached - Detach & reset	2.00 EA	13.40	26.80	(0.00)	26.80
Detach & Reset Cold air return cover - Large	1.00 EA	18.29	18.29	(0.00)	18.29
Paint baseboard - two coats	38.83 LF	0.83	32.23	(0.00)	32.23
R&R Baseboard - 2 1/4"	28.83 LF	2.51	72.36	(0.00)	72.36
R&R Carpet	188.92 SF	3.05	576.21	(265.44)	310.77
R&R Carpet pad	188.92 SF	0.72	136.02	(59.51)	76.51
R&R Stud wall - 2" x 6" x 8' - 16" oc	14.00 LF	21.56	301.84	(0.00)	301.84
Temporary shoring post - Screw jack (per day)	3.00 DA	27.62	82.86	(0.00)	82.86
2" x 12" x 12' #2 treated pine (material only)	2.00 EA	28.96	57.92	(0.00)	57.92
Carpenter - General Framer - per hour	8.00 HR	51.85	414.80	(0.00)	414.80
These above 3 items are to shore up the floor system so the exterior wall damage can be repaired.					
Totals: entertainment			2,662.07	324.95	2,337.12

Total: Main Level

12,995.78

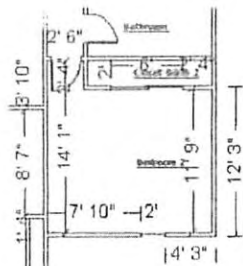
1,794.83

11,200.95



Country Financial

Upper Level



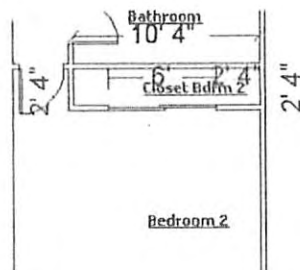
Bedroom 2

Height: 8'

388.98 SF Walls	169.03 SF Ceiling
558.01 SF Walls & Ceiling	169.03 SF Floor
18.78 SY Flooring	47.21 LF Floor Perimeter
55.71 LF Ceil. Perimeter	

Door	6' X 6' 8"	Opens into CLOSET_BDRM_
Door	2' 6" X 6' 8"	Opens into RECREATION_R
Window	2' X 4'	Opens into Exterior

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
R&R Carpet	169.03 SF	3.05	515.54	(237.49)	278.05
R&R Carpet pad	169.03 SF	0.72	121.70	(53.25)	68.45
Clean ductwork - Interior (PER REGISTER)	1.00 EA	28.86	28.86	(0.00)	28.86
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	13.40	13.40	(0.00)	13.40
Totals: Bedroom 2			679.50	290.74	388.76



Closet Bdrm 2

Height: 8'

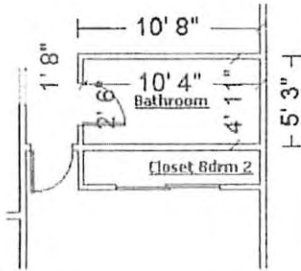
157.33 SF Walls	20.67 SF Ceiling
178.00 SF Walls & Ceiling	20.67 SF Floor
2.30 SY Flooring	18.67 LF Floor Perimeter
24.67 LF Ceil. Perimeter	

Door	6' X 6' 8"	Opens into BEDROOM_2
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DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
R&R Carpet	20.67 SF	3.05	63.04	(29.04)	34.00
R&R Carpet pad	20.67 SF	0.72	14.88	(6.51)	8.37
Totals: Closet Bdrm 2			77.92	35.55	42.37



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Door

2' 6" X 6' 8"

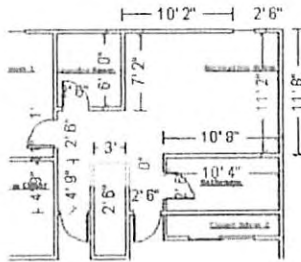
Opens into RECREATION_R

Bathroom

Height: 8'

227.33 SF Walls	50.81 SF Ceiling
278.14 SF Walls & Ceiling	50.81 SF Floor
5.65 SY Flooring	28.00 LF Floor Perimeter
30.50 LF Ceil. Perimeter	

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Clean ductwork - Interior (PER REGISTER)	1.00 EA	28.86	28.86	(0.00)	28.86
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	13.40	13.40	(0.00)	13.40
Totals: Bathroom			42.26	0.00	42.26

**Recreation Room**

Height: 8'

526.87 SF Walls	218.82 SF Ceiling
745.69 SF Walls & Ceiling	218.82 SF Floor
24.31 SY Flooring	66.28 LF Floor Perimeter
74.78 LF Ceil. Perimeter	

Window	2' X 4'	Opens into Exterior
Door	2' 6" X 6' 8"	Opens into LAUNDRY_ROOM
Door	2' 6" X 6' 8"	Opens into BEDROOM_1
Door	2' 6" X 6' 8"	Opens into MASTER_BEDRO
Missing Wall - Goes to Ceiling	2' X 5'	Opens into Exterior
Missing Wall	3' X 8'	Opens into Exterior
Missing Wall - Goes to Ceiling	2' X 5'	Opens into Exterior
Door	2' 6" X 6' 8"	Opens into BEDROOM_2
Door	2' 6" X 6' 8"	Opens into BATHROOM

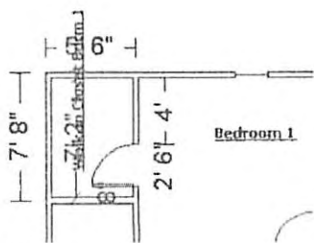
DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Drywall Installer / Finisher - per hour	4.00 HR	65.21	260.84	(0.00)	260.84
This is extra time for patching in the existing drywall.					
5/8" drywall - hung, taped, ready for texture	48.00 SF	1.52	72.96	(0.00)	72.96
Replacement of gypsum wallboard on the lid removed by the mitigation company.					
R&R 1/2" drywall - hung, taped, loaded, ready for paint	80.00 SF	1.94	155.20	(0.00)	155.20



Country Financial

CONTINUED - Bedroom 1

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Totals: Bedroom 1			492.25	205.30	286.95



Walk-in Closet Bdrm 1

Height: 8'

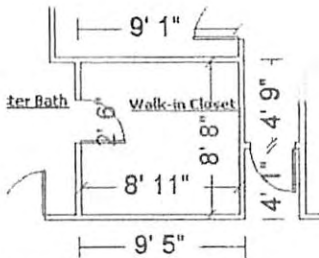
178.00 SF Walls	35.83 SF Ceiling
213.83 SF Walls & Ceiling	35.83 SF Floor
3.98 SY Flooring	21.83 LF Floor Perimeter
24.33 LF Ceil. Perimeter	

Door

2' 6" X 6' 8"

Opens into BEDROOM_1

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
R&R Carpet	35.83 SF	3.05	109.28	(50.34)	58.94
R&R Carpet pad	35.83 SF	0.72	25.79	(11.29)	14.50
Totals: Walk-in Closet Bdrm 1			135.07	61.63	73.44



Walk-in Closet

Height: 8'

264.33 SF Walls	77.09 SF Ceiling
341.41 SF Walls & Ceiling	77.09 SF Floor
8.57 SY Flooring	32.62 LF Floor Perimeter
35.12 LF Ceil. Perimeter	

Door

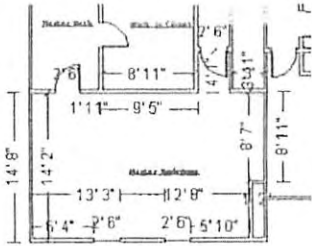
2' 6" X 6' 8"

Opens into MASTER_BATH

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Clean ductwork - Interior (PER REGISTER)	1.00 EA	28.86	28.86	(0.00)	28.86
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	13.40	13.40	(0.00)	13.40
R&R Carpet	77.09 SF	3.05	235.12	(108.31)	126.81
R&R Carpet pad	77.09 SF	0.72	55.51	(24.29)	31.22
Totals: Walk-in Closet			332.89	132.60	200.29



Country Financial

**Master Bedroom**

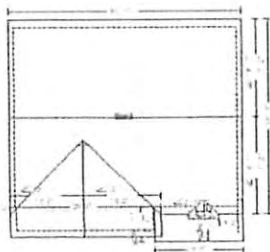
Height: 8'

598.67 SF Walls	323.01 SF Ceiling
921.68 SF Walls & Ceiling	323.01 SF Floor
35.89 SY Flooring	76.50 LF Floor Perimeter
81.50 LF Ceil. Perimeter	

Door	2' 6" X 6' 8"	Opens into RECREATION_R
Door	2' 6" X 6' 8"	Opens into MASTER_BATH
Window	2' 6" X 4'	Opens into Exterior
Window	2' 6" X 4'	Opens into Exterior

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Clean ductwork - Interior (PER REGISTER)	2.00 EA	28.86	57.72	(0.00)	57.72
Heat/AC register - Mechanically attached - Detach & reset	2.00 EA	13.40	26.80	(0.00)	26.80
R&R Carpet pad	323.01 SF	0.72	232.57	(101.75)	130.82
R&R Carpet	323.01 SF	3.05	985.18	(453.83)	531.35
Totals: Master Bedroom			1,302.27	555.58	746.69

Total: Upper Level			5,283.05	1,657.77	3,625.28
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Roof**Roof**

1687.05 Surface Area	16.87 Number of Squares
196.01 Total Perimeter Length	61.00 Total Ridge Length

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Clean soffit - wood	196.00 SF	0.26	50.96	(0.00)	50.96
Prime & paint exterior soffit - wood	196.00 SF	1.31	256.76	(0.00)	256.76
Painter - per hour	16.00 HR	45.68	730.88	(0.00)	730.88
This is labor for the soffit sealing and paint for the 2 story high work and moving of equipment.					
Two ladders with jacks and plank (per day)	4.00 DA	104.12	416.48	(0.00)	416.48

These items are for the painting of the cleaning and painting of the open soffit around the home. Includes: Equipment cost for two aluminum extension ladders with two jacks and one plank.

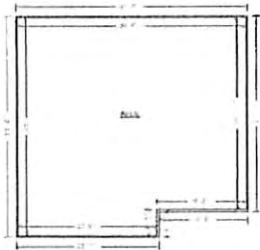


Country Financial

CONTINUED - Roof

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Totals: Roof			1,455.08	0.00	1,455.08
Total: Roof			1,455.08	0.00	1,455.08

Attic



Attic

Height: 8'

1146.67 SF Walls	1225.15 SF Ceiling
2371.81 SF Walls & Ceiling	1225.15 SF Floor
136.13 SY Flooring	143.33 LF Floor Perimeter
143.33 LF Ceil. Perimeter	

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Remove Blown-in insulation - Machine removal	1,225.15 SF	1.48	1,813.22	(0.00)	1,813.22
Blown-in insulation - 16" depth - R44	1,225.15 SF	1.05	1,286.41	(0.00)	1,286.41
Seal truss system - up to 5/12	1,225.15 SF	1.02	1,249.65	(0.00)	1,249.65
Seal floor or ceiling joist system (shellac)	1,213.15 SF	0.84	1,019.05	(0.00)	1,019.05
R&R Baffle vent - cardboard	62.00 LF	0.84	52.08	(0.00)	52.08
Totals: Attic			5,420.41	0.00	5,420.41
Total: Attic			5,420.41	0.00	5,420.41

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Batt insulation - 4" - R15	150.00 SF	0.82	123.00	(0.00)	123.00
This is for the rim joist.					
Seal floor or ceiling joist system (shellac)	150.00 SF	0.84	126.00	(0.00)	126.00
R&R Vapor barrier - visqueen - 6mil	200.00 SF	0.32	64.00	(0.00)	64.00



Country Financial

CONTINUED - Crawl

DESCRIPTION	QUANTITY	UNIT COST	RCV	DEPREC.	ACV
Totals: Crawl			313.00	0.00	313.00
Line Item Totals: KRONANENCLEAN			28,023.64	3,452.60	24,571.04

Grand Total Areas:

6,807.67 SF Walls	3,547.82 SF Ceiling	10,355.49 SF Walls and Ceiling
3,529.09 SF Floor	392.12 SY Flooring	804.56 LF Floor Perimeter
0.00 SF Long Wall	0.00 SF Short Wall	941.38 LF Ceil. Perimeter
3,529.09 Floor Area	3,784.26 Total Area	6,281.13 Interior Wall Area
4,765.08 Exterior Wall Area	460.65 Exterior Perimeter of Walls	
1,687.05 Surface Area	16.87 Number of Squares	196.01 Total Perimeter Length
61.00 Total Ridge Length	0.00 Total Hip Length	



Country Financial

Summary for Dwelling

Line Item Total			28,023.64
Overhead	@	10.0%	2,802.49
Profit	@	10.0%	2,802.49
Sales Tax	@	8.400%	2,824.74
Replacement Cost Value			\$36,453.36
Less Depreciation			(3,742.62)
Actual Cash Value			\$32,710.74
Less Deductible			(1,000.00)
Net Claim			\$31,710.74
Total Recoverable Depreciation			3,742.62
Net Claim if Depreciation is Recovered			\$35,453.36

 Tim Foederer



Country Financial

Recap by Room

Estimate: KRONANENCLEAN

General Conditions	2,556.32	9.12%
Area: Main Level	6,595.23	23.53%
Garage	130.63	0.47%
Kitchen	175.91	0.63%
Stairs	488.58	1.74%
Entry/Hallway	259.20	0.92%
Living Room	708.17	2.53%
Dining Room	1,975.99	7.05%
entertainment	2,662.07	9.50%
Area Subtotal: Main Level	12,995.78	46.37%
Area: Upper Level		
Bedroom 2	679.50	2.42%
Closet Bdrm 2	77.92	0.28%
Bathroom	42.26	0.15%
Recreation Room	2,220.89	7.93%
Bedroom 1	492.25	1.76%
Walk-in Closet Bdrm 1	135.07	0.48%
Walk-in Closet	332.89	1.19%
Master Bedroom	1,302.27	4.65%
Area Subtotal: Upper Level	5,283.05	18.85%
Area: Roof		
Roof	1,455.08	5.19%
Area Subtotal: Roof	1,455.08	5.19%
Area: Attic		
Attic	5,420.41	19.34%
Area Subtotal: Attic	5,420.41	19.34%
Crawl	313.00	1.12%
Subtotal of Areas	28,023.64	100.00%
Total	28,023.64	100.00%



Country Financial

Recap by Category with Depreciation

O&P Items			RCV	Deprec.	ACV
CLEANING			1,356.02		1,356.02
GENERAL DEMOLITION			4,575.43		4,575.43
DRYWALL			1,292.31		1,292.31
FLOOR COVERING - CARPET			5,377.59	2,688.86	2,688.73
FLOOR COVERING - WOOD			50.00		50.00
PERMITS AND FEES			375.00		375.00
FINISH CARPENTRY / TRIMWORK			202.28		202.28
FRAMING & ROUGH CARPENTRY			1,605.75		1,605.75
HEAT, VENT & AIR CONDITIONING			426.70		426.70
INSULATION			2,240.56		2,240.56
LIGHT FIXTURES			250.05		250.05
PAINTING			5,442.95		5,442.95
SCAFFOLDING			520.60		520.60
SIDING			3,743.48	763.74	2,979.74
SOFFIT, FASCIA, & GUTTER			241.92		241.92
TEMPORARY REPAIRS			323.00		323.00
J&P Items Subtotal			28,023.64	3,452.60	24,571.04
Overhead	@	10.0%	2,802.49		2,802.49
Profit	@	10.0%	2,802.49		2,802.49
Sales Tax	@	8.400%	2,824.74	290.02	2,534.72
Total			36,453.36	3,742.62	32,710.74

Exhibit No. 7

Step-Up
CONSTRUCTION

Client: Kieth Kronanen
Property: 9507 149th St. E.
Puyallup, WA 98374

Operator Info:
Operator: BERNIE

Estimator: Bernie Williams
Position: Estimator
Company: Step Up Construction

Business: (206) 422-7821

Type of Estimate:
Date Entered: 10/9/2012 Date Assigned:

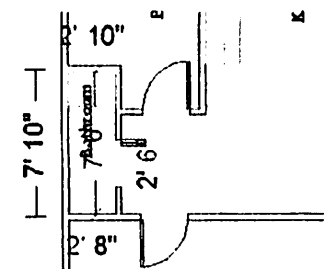
Price List: WATA7X_OCT12
Labor Efficiency: Restoration/Service/Remodel
Estimate: 2012-10-09-0836REV

CMIC_000300

2012-10-09-0836REV

General Conditions

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Taxes, insurance, permits & fees (Bid item)	1.00 EA	0.00	0.00	0.00
Will be submitted outside of this scope of repairs as a supplemental estimate				
Engineering fees (Bid item)	1.00 EA	0.00	375.00	375.00
This line item covers the cost associated with the retention of a structural engineer for one site visit/inspection and the furnishing of a letter to meet pre-permitting requirements as defined by the city of Puyallup. Any additional engineering, if required, is considered an open item in this estimate and it is agreed that any and all cost associated with required engineering, above and beyond that of the site visit and letter referenced above, will be paid as incurred.				
Architectural/Drafting fees (Bid item)	1.00 EA	0.00	0.00	0.00
Temporary toilet (per month)	2.00 MO	0.00	126.23	252.46
Lock Box	1.00 EA	0.00	37.67	37.67
Dumpster load - Approx. 20 yards, 4 tons of debris	2.00 EA	701.66	0.00	1,403.32
Demolition debris				
Single axle dump truck - per load - including dump fees	EA	262.68	0.00	0.00
Remopved per email received on 12/3/12 at 4:10pm. If additional dumsters or dump trucks are needed, Country Financial has agreed to pay for them based furnished receipts + 10% overhead and 10% profit.				
Totals: General Conditions				2,068.45

Main Level**Bathroom****Height: 8'**

128.94 SF Walls	18.75 SF Ceiling
147.69 SF Walls & Ceiling	14.17 SF Floor
1.57 SY Flooring	11.33 LF Floor Perimeter
20.00 LF Ceil. Perimeter	

Door**2' 6" X 6' 8"****Opens into KITCH_ADD_ON**

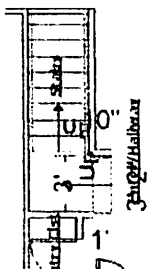
DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
R&R Vanity	LF	5.80	122.81	0.00
Cabinets inserted in sketch for subtraction of floor and wall surfaces only				
Seal the walls and ceiling shellac - one coat	147.69 SF	0.00	0.39	57.60

Step-Up

CONSTRUCTION

CONTINUED - Bathroom

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Paint the walls and ceiling - two coats - 2 colors	147.69 SF	0.00	0.69	101.91
Mask and prep for paint - paper and tape (per LF)	11.33 LF	0.00	0.46	5.21
Masking at wall to baseboard interface				
Mask and prep for paint - plastic, paper, tape (per LF)	20.00 LF	0.00	0.83	16.60
Masking at wall to ceiling interface for 2nd color painting				
Paint door/window trim & jamb - Large - 2 coats (per side)	2.00 EA	0.00	22.49	44.98
Paint single bifold door - slab only - 2 coats (per side)	4.00 EA	0.00	19.03	76.12
Bifold door set - (4 slabs only) - Double Detach & reset	1.00 EA	0.00	35.09	35.09
Toilet - Detach & reset	1.00 EA	0.00	187.53	187.53
Needs to be detached and reset to seal and paint behind it.				
(Material Only) Plumbing fixture supply line	1.00 EA	0.00	4.93	4.93
Plumber - per hour	1.50 HR	0.00	102.53	153.80
Additional labor needed to complete detach and re-installation of this toilet. PLM TLTRS line items will require two trips to complete.				
Clean ductwork - Interior (PER REGISTER)	1.00 EA	0.00	29.53	29.53
Totals: Bathroom				713.30



Stairs

Height: 17'

19.10 SF Walls	3.17 SF Ceiling
22.27 SF Walls & Ceiling	7.25 SF Floor
0.81 SY Flooring	1.38 LF Floor Perimeter
1.17 LF Ceil. Perimeter	

Missing Wall
Missing Wall

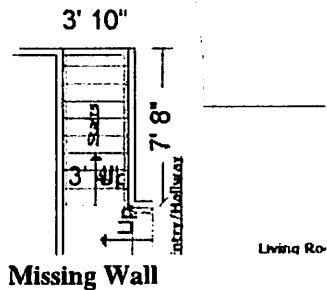
3' 2" X 17'
1' X 17'

Opens into ENTRY_HALLWA
Opens into ENTRY_HALLWA

Step-Up

CONSTRUCTION

CONTINUED - Stairs



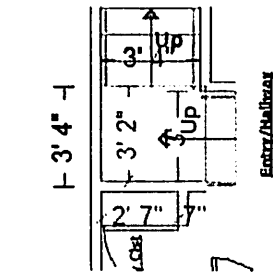
Subroom: Stairs2 (1)

Height: 17'

193.70 SF Walls	25.00 SF Ceiling
218.70 SF Walls & Ceiling	48.18 SF Floor
5.35 SY Flooring	18.67 LF Floor Perimeter
15.17 LF Ceil. Perimeter	

3' 4" X 17'

Opens into STAIRS1



Subroom: Stairs1 (2)

Height: 17'

105.00 SF Walls	11.07 SF Ceiling
116.07 SF Walls & Ceiling	11.08 SF Floor
1.23 SY Flooring	6.67 LF Floor Perimeter
6.67 LF Ceil. Perimeter	

3' X 17'

Opens into STAIRS

Missing Wall

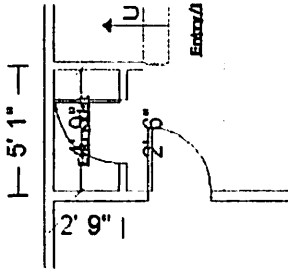
3' 4" X 17'

Opens into STAIRS2

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Remove Carpet	66.52 SF	0.24	0.00	15.96
Carpet	173.25 SF	0.00	2.77	479.90
R&R Carpet pad	66.52 SF	0.09	0.67	50.56
Step charge for "waterfall" carpet installation	11.00 EA	0.00	4.82	53.02
Seal the surface area shellac - one coat	334.77 SF	0.00	0.39	130.56
Paint the surface area - two coats - 2 colors	334.77 SF	0.00	0.69	230.99
Mask and prep for paint - paper and tape (per LF)	6.00 LF	0.00	0.46	2.76
Masking at wall to baseboard interface (landing only)				
Totals: Stairs				963.75

Step-11p

CONSTRUCTION



Entry Clst

Height: 8'

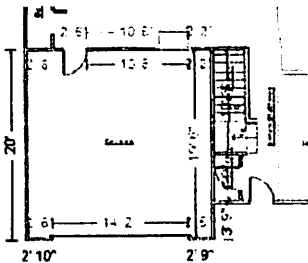
100.67 SF Walls	12.27 SF Ceiling
112.94 SF Walls & Ceiling	12.27 SF Floor
1.36 SY Flooring	12.17 LF Floor Perimeter
14.67 LF Ceil. Perimeter	

Door 2' 6" X 6' 8" Opens into ENTRY_HALLWA

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Seal the walls and ceiling shellac - one coat	112.94 SF	0.00	0.39	44.05
Paint the walls and ceiling - two coats - 2 colors	112.94 SF	0.00	0.69	77.93
Mask and prep for paint - paper and tape (per LF)	12.17 LF	0.00	0.46	5.60
Masking at wall to haschoard interface				
Mask and prep for paint - plastic, paper, tape (per L.F)	14.67 LF	0.00	0.83	12.18
Masking at wall to ceiling interface for 2nd color painting				
Interior door - Detach & reset - slab only	1.00 EA	0.00	13.59	13.59

Totals: Entry Clst

153.35



Garage

Height: 8'

506.22 SF Walls	372.13 SF Ceiling
878.35 SF Walls & Ceiling	372.13 SF Floor
41.35 SY Flooring	60.50 LF Floor Perimeter
77.17 LF Ceil. Perimeter	

Door 14' 2" X 6' 8" Opens into Exterior
 Door 2' 6" X 6' 8" Opens into KITCH_ADD_ON

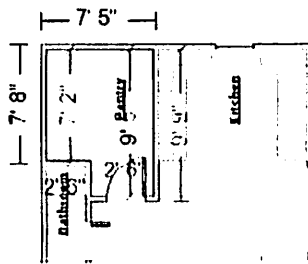
DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Heat, Vent, & Air Conditioning - Labor Minimum	1.00 EA	0.00	251.53	251.53
Furnace - check, clean, replace filters and service	EA	0.00	123.65	0.00
Minimum above covers cost of this line item				
Material Only) Furnace filter - (material only)	1.00 EA	0.00	29.97	29.97

Step-11p

CONSTRUCTION

CONTINUED - Garage

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Totals: Garage				281.50



Pantry

Height: 8'

244.70 SF Walls	58.78 SF Ceiling
303.48 SF Walls & Ceiling	58.78 SF Floor
6.53 SY Flooring	30.17 LF Floor Perimeter
32.67 LF Ceil. Perimeter	

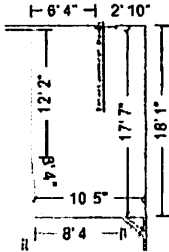
Door 2' 6" X 6' 8" Opens into KITCH_ADD_ON

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Seal the walls and ceiling shellac - one coat	303.48 SF	0.00	0.39	118.36
Paint the walls and ceiling - two coats - 2 colors	303.48 SF	0.00	0.69	209.40
Mask and prep for paint - paper and tape (per LF)	30.17 LF	0.00	0.46	13.88
Masking at wall to baseboard interface				
Mask and prep for paint - plastic, paper, tape (per LF)	32.67 LF	0.00	0.83	27.12
Masking at wall to ceiling interface for 2nd color painting				
Floor protection - cloth - skid resistant, leak proof	58.78 SF	0.71	0.00	41.73
Interior door - Detach & reset - slab only	1.00 EA	0.00	13.59	13.59
Clean ductwork - Interior (PER REGISTER)	1.00 EA	0.00	29.53	29.53
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	0.00	12.68	12.68

Totals: Pantry 466.29

Step-Up

CONSTRUCTION



Entertainment Room

Height: 8'

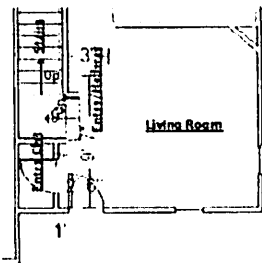
310.67 SF Walls	188.92 SF Ceiling
499.58 SF Walls & Ceiling	188.92 SF Floor
20.99 SY Flooring	38.83 LF Floor Perimeter
38.83 LF Ceil. Perimeter	

Window	2' X 4'	Opens into Exterior
Missing Wall	12' 2" X 8'	Opens into DINING_ROOM
Missing Wall	3' 3 7/8" X 8'	Opens into DINING_ROOM
Missing Wall	2' 1 7/16" X 8'	Opens into ROOM2

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Remove Carpet	188.92 SF	0.24	0.00	45.34
Carpet	230.92 SF	0.00	2.77	639.65
R&R Carpet pad	188.92 SF	0.09	0.67	143.58
Seal floor or ceiling joist system (shellac)	338.92 SF	0.00	0.84	284.69
Includes sealing floor joist from crawl in area designated for insulation replacement				
R&R 5/8" drywall - hung, taped, ready for texture	150.92 SF	0.37	1.49	280.71
Removal of gypsum wallboard on the lid completed by the mitigation company for the purpose of drying out the structure has been removed from the calculation.				
5/8" drywall - hung, taped, ready for texture	38.00 SF	0.00	1.49	56.62
This line item covers replacement of the gypsum wall board that was removed by the mitigation company for the purpose of drying the structure.				
R&R 1/2" drywall - hung, taped, ready for texture	120.00 SF	0.37	1.32	202.80
Removal of gypsum wallboard on the walls completed by the mitigation company, for the purpose of drying out the structure, is not included in this line item calculation				
1/2" drywall - hung, taped, ready for texture	40.00 SF	0.00	1.32	52.80
This line item covers replacement of the gypsum wall board on the walls that was removed by the mitigation company for the purpose of drying the structure.				
Texture drywall - machine	499.58 SF	0.00	0.29	144.88
Mask per square foot for drywall or plaster work	188.92 SF	0.00	0.15	28.34
Seal the surface area w/PVA primer - one coat	380.00 SF	0.00	0.31	117.80
This is a base primer coat (PVA-Polyvinyl Acetate) required on all new drywall surfaces before application of texture				
Seal part of the walls and ceiling shellac - one coat	119.58 SF	0.00	0.39	46.64
Paint the walls and ceiling - two coats - 2 colors	499.58 SF	0.00	0.69	344.71

Step-11p
CONSTRUCTION**CONTINUED - Entertainment Room**

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Remove Batt insulation - 6" - R21	189.33 SF	0.23	0.00	43.55
Batt insulation - 6" - R21	229.33 SF	0.00	0.87	199.52
Mask and prep for paint - paper and tape (per LF)	38.83 LF	0.00	0.46	17.86
Masking at wall to baseboard interface				
Mask and prep for paint - plastic, paper, tape (per LF)	38.83 LF	0.00	0.83	32.23
Masking at wall to ceiling interface for 2nd color painting				
Baseboard - 3 1/4"	38.58 LF	0.00	2.52	97.22
Paint baseboard - two coats	38.58 LF	0.00	0.87	33.56
Clean ductwork - Interior (PER REGISTER)	2.00 EA	0.00	29.53	59.06
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	0.00	12.68	12.68
R&R Junction box	1.00 EA	12.00	102.47	114.47
R&R Outlet	1.00 EA	3.88	11.57	15.45
R&R Outlet or switch cover	1.00 EA	0.49	2.26	2.75
Totals: Entertainment Room				3,016.91

**Entry/Hallway****Height: 8'**

55.33 SF Walls	29.42 SF Ceiling
84.76 SF Walls & Ceiling	29.42 SF Floor
3.27 SY Flooring	6.08 LF Floor Perimeter
11.08 LF Ceil. Perimeter	

Missing Wall	9' 7" X 8'	Opens into LIVING_ROOM
Door	2' 6" X 6' 8"	Opens into Exterior
Door	2' 6" X 6' 8"	Opens into ENTRY_CLST
Missing Wall	1' X 8'	Opens into STAIRS
Missing Wall	3' 2" X 8'	Opens into STAIRS

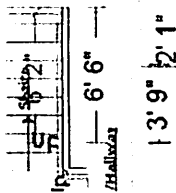
Step-11p

CONSTRUCTION

CONTINUED - Entry/Hallway

Subroom: Room2 (1)

Height: 8'



52.00 SF Walls	19.55 SF Ceiling
71.55 SF Walls & Ceiling	19.55 SF Floor
2.17 SY Flooring	6.50 LF Floor Perimeter
6.50 LF Ceil. Perimeter	

Missing Wall	3' 5 1/8" X 8'	Opens into DINING_ROOM
Missing Wall	2' 1 7/16" X 8'	Opens into ENTERTAINMEN
Missing Wall	5" X 8'	Opens into LIVING_ROOM
Missing Wall	3' 9" X 8'	Opens into LIVING_ROOM
Missing Wall	3' X 8'	Opens into ENTRY_HALLWA

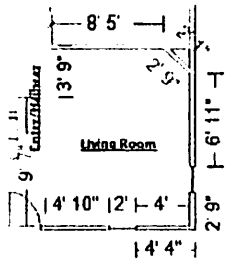
DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Seal the walls and ceiling shellac - one coat	156.30 SF	0.00	0.39	60.96
Paint the walls and ceiling - two coats - 2 colors	156.30 SF	0.00	0.69	107.85
Mask and prep for paint - paper and tape (per LF)	12.58 LF	0.00	0.46	5.79
Masking at wall to baseboard interface				
Mask and prep for paint - plastic, paper, tape (per LF)	17.58 LF	0.00	0.83	14.59
Masking at wall to ceiling interface for 2nd color painting				
Floor protection - cloth - skid resistant, leak proof	48.97 SF	0.71	0.00	34.77
R&R Baseboard - 3 1/4"	6.50 LF	0.35	2.52	18.66
Paint door/window trim & jamb - Large - 2 coats (per side)	2.00 EA	0.00	22.49	44.98
Clean ductwork - Interior (PER REGISTER)	1.00 EA	0.00	29.53	29.53
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	0.00	12.68	12.68

Totals: Entry/Hallway

329.81

Step-11p

CONSTRUCTION



Living Room

Height: 8'

266.13 SF Walls
 406.91 SF Walls & Ceiling
 15.64 SY Flooring
 33.27 LF Ceil. Perimeter

140.78 SF Ceiling
 140.78 SF Floor
 33.27 LF Floor Perimeter

Window 2' X 4' Opens into Exterior
 Window 2' X 4' Opens into Exterior
 Missing Wall 9' 7" X 8' Opens into ENTRY_HALLWA
 Missing Wall 3' 9" X 8' Opens into ROOM2
 Missing Wall 5" X 8' Opens into ROOM2

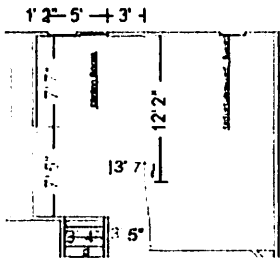
DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Seal the walls and ceiling shellac - one coat	406.91 SF	0.00	0.39	158.69
Painting - Faux (special effects) - 3 part	266.13 SF	0.00	1.96	521.61
Paint the ceiling - two coats	140.78 SF	0.00	0.58	81.65
Mask and prep for paint - paper and tape (per LF)	33.27 LF	0.00	0.46	15.30
Masking at wall to baseboard interface				
Mask and prep for paint - plastic, paper, tape (per LF)	33.27 LF	0.00	0.83	27.61
Masking at wall to ceiling interface for 2nd color painting				
Floor protection - cloth - skid resistant, leak proof	140.78 SF	0.71	0.00	99.95
Clean ductwork - Interior (PER REGISTER)	2.00 EA	0.00	29.53	59.06
Heat/AC register - Mechanically attached - Detach & reset	2.00 EA	0.00	12.68	25.36

Totals: Living Room

989.23

Step-Up

CONSTRUCTION



Dining Room

Height: 8'

156.09 SF Walls	136.11 SF Ceiling
292.20 SF Walls & Ceiling	136.11 SF Floor
15.12 SY Flooring	17.68 LF Floor Perimeter
30.10 LF Ceil. Perimeter	

Door	5' X 6' 8"	Opens into Exterior
Missing Wall - Goes to Floor	7' 5" X 6' 8"	Opens into KITCH_ADD_ON
Missing Wall	3' 7 1/8" X 8'	Opens into ROOM2
Missing Wall	3' 3 7/8" X 8'	Opens into ENTERTAINMEN
Missing Wall	12' 2" X 8'	Opens into ENTERTAINMEN

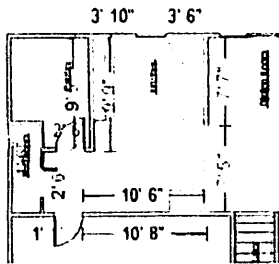
DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Seal floor or ceiling joist system (shellac)	136.11 SF	0.00	0.84	114.33
R&R 5/8" drywall - hung, taped, ready for texture	136.11 SF	0.37	1.49	253.16
Texture drywall - machine	292.20 SF	0.00	0.29	84.74
Mask per square foot for drywall or plaster work	156.09 SF	0.00	0.15	23.41
Seal part of the walls and ceiling shellac - one coat	142.20 SF	0.00	0.39	55.46
Seal the surface area w/PVA primer - one coat	150.00 SF	0.00	0.31	46.50
This is a base primer coat (PVA-Polyvinyl Acetate) required on all new drywall surfaces before application of texture				
Paint the walls and ceiling - two coats - 2 colors	292.20 SF	0.00	0.69	201.62
Mask and prep for paint - paper and tape (per LF)	17.68 LF	0.00	0.46	8.13
Masking at wall to baseboard interface				
Mask and prep for paint - plastic, paper, tape (per LF)	30.10 LF	0.00	0.83	24.98
Masking at wall to ceiling interface for 2nd color painting				
Floor protection - cloth - skid resistant, leak proof	136.11 SF	0.71	0.00	96.64
Cabinets inserted in sketch for subtraction of floor and wall surfaces only				
Clean ductwork - Interior (PER REGISTER)	1.00 EA	0.00	29.53	29.53
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	0.00	12.68	12.68
Paint baseboard - two coats	17.68 LF	0.00	0.87	15.38

Totals: Dining Room

966.56

Step-1)p

CONSTRUCTION



Kitchen

Height: 8'

254.25 SF Walls	166.17 SF Ceiling
420.42 SF Walls & Ceiling	124.74 SF Floor
13.86 SY Flooring	13.12 LF Floor Perimeter
57.90 LF Ceil. Perimeter	

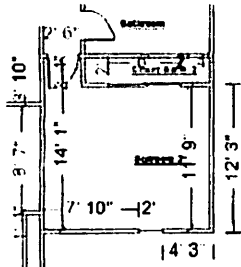
Window	2' 6" X 2' 6"	Opens into Exterior
Door	2' 6" X 6' 8"	Opens into KITCHEN
Door	2' 6" X 6' 8"	Opens into BATHROOM
Door	2' 6" X 6' 8"	Opens into GARAGE
Missing Wall - Goes to Floor	7' 5" X 6' 8"	Opens into DINING_ROOM

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
R&R Cabinetry - lower (base) units	LF	5.80	151.81	0.00
Cabinets inserted in sketch for subtraction of floor and wall surfaces only				
R&R Cabinetry - upper (wall) units	LF	5.80	112.51	0.00
Cabinets inserted in sketch for subtraction of floor and wall surfaces only				
Seal the walls and ceiling shellac - one coat	420.42 SF	0.00	0.39	163.96
Paint the walls and ceiling - two coats - 2 colors	420.42 SF	0.00	0.69	290.09
Mask and prep for paint - paper and tape (per LF)	13.12 LF	0.00	0.46	6.04
Masking at wall to baseboard interface				
Mask and prep for paint - plastic, paper, tape (per LF)	57.90 LF	0.00	0.83	48.06
Masking at wall to ceiling interface for 2nd color painting				
Painter - per hour	2.00 HR	0.00	48.00	96.00
Additional labor hours needed to complete cut in work around kitchen cabinets				
Floor protection - cloth - skid resistant, leak proof	124.74 SF	0.71	0.00	88.57
Paint door/window trim & jamb - Large - 2 coats (per side)	2.00 EA	0.00	22.49	44.98
Clean ductwork - Interior (PER REGISTER)	2.00 EA	0.00	29.53	59.06
Heat/AC register - Mechanically attached - Detach & reset	2.00 EA	0.00	12.68	25.36
Totals: Kitchen				822.12
Total: Main Level				8,702.82

Step-11p

CONSTRUCTION

Upper Level



Bedroom 2

Height: 8'

388.98 SF Walls
558.01 SF Walls & Ceiling
18.78 SY Flooring
55.71 LF Ceil. Perimeter

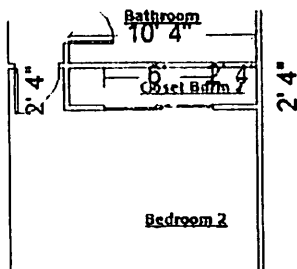
169.03 SF Ceiling
169.03 SF Floor
47.21 LF Floor Perimeter

Door 6' X 6' 8" Opens into CLOSET_BDRM_
Door 2' 6" X 6' 8" Opens into RECREATION_R
Window 2' X 4' Opens into Exterior

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Remove Carpet	169.03 SF	0.24	0.00	40.57
Carpet	214.75 SF	0.00	2.77	594.86
R&R Carpet pad	169.03 SF	0.09	0.67	128.46
Interior door - Detach & reset - slab only	1.00 EA	0.00	13.59	13.59
Clean ductwork - Interior (PER REGISTER)	1.00 EA	0.00	29.53	29.53
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	0.00	12.68	12.68

Totals: Bedroom 2

819.69



Closet Bdrm 2

Height: 8'

157.33 SF Walls
178.00 SF Walls & Ceiling
2.30 SY Flooring
24.67 LF Ceil. Perimeter

20.67 SF Ceiling
20.67 SF Floor
18.67 LF Floor Perimeter

Door 6' X 6' 8" Opens into BEDROOM_2

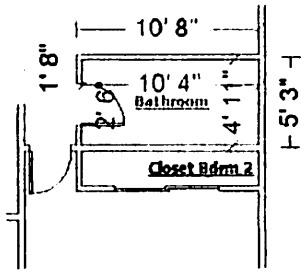
DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Remove Carpet	20.67 SF	0.24	0.00	4.96
Carpet	59.75 SF	0.00	2.77	165.51
R&R Carpet pad	20.67 SF	0.09	0.67	15.71

Totals: Closet Bdrm 2

186.18

Step-1/p

CONSTRUCTION



Bathroom

Height: 8'

227.33 SF Walls	50.81 SF Ceiling
278.14 SF Walls & Ceiling	50.81 SF Floor
5.65 SY Flooring	28.00 LF Floor Perimeter
30.50 LF Ceil. Perimeter	

Door

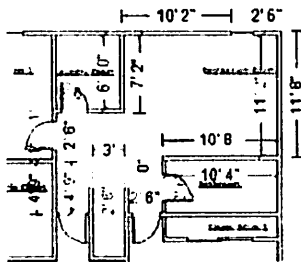
2' 6" X 6' 8"

Opens into RECREATION_R

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Clean ductwork - Interior (PER REGISTER)	1.00 EA	0.00	29.53	29.53
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	0.00	12.68	12.68

Totals: Bathroom

42.21



Recreation Room

Height: 8'

526.87 SF Walls	218.82 SF Ceiling
745.69 SF Walls & Ceiling	218.82 SF Floor
24.31 SY Flooring	66.28 LF Floor Perimeter
74.78 LF Ceil. Perimeter	

Window

2' X 4'

Opens into Exterior

Door

2' 6" X 6' 8"

Opens into LAUNDRY_ROOM

Door

2' 6" X 6' 8"

Opens into BEDROOM_1

Door

2' 6" X 6' 8"

Opens into MASTER_BEDRO

Missing Wall - Goes to Ceiling

2' X 5'

Opens into Exterior

Missing Wall

3' X 8'

Opens into Exterior

Missing Wall - Goes to Ceiling

2' X 5'

Opens into Exterior

Door

2' 6" X 6' 8"

Opens into BEDROOM_2

Door

2' 6" X 6' 8"

Opens into BATHROOM

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Remove Carpet	218.82 SF	0.24	0.00	52.52
Carpet	273.83 SF	0.00	2.77	758.51
R&R Carpet - metal transition strip	3.00 LF	0.59	2.85	10.32
At Laundry Room Doorway				
R&R Carpet pad	218.82 SF	0.09	0.67	166.30

Step-11p

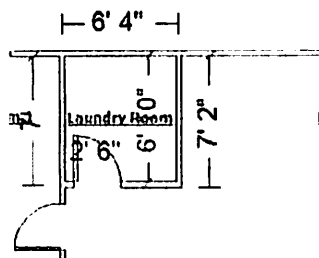
CONSTRUCTION

CONTINUED - Recreation Room

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
5/8" drywall - hung, taped, ready for texture	12.00 SF	0.00	1.49	17.88
Replacement of gypsum wallboard on the lid removed by the mitigation company for the purpose of drying out the structure.				
R&R 1/2" drywall - hung, taped, ready for texture	80.00 SF	0.37	1.32	135.20
Removal of gypsum wallboard on the walls completed by the mitigation company, for the purpose of drying out the structure, is not included in this line item calculation				
1/2" drywall - hung, taped, ready for texture	32.00 SF	0.00	1.32	42.24
This line item covers replacement of the gypsum wall board on the walls that was removed by the mitigation company for the purpose of drying the structure.				
Texture drywall - machine	745.69 SF	0.00	0.29	216.25
Mask per square foot for drywall or plaster work	218.82 SF	0.00	0.15	32.82
Seal part of the walls and ceiling shellac - one coat	613.69 SF	0.00	0.39	239.34
Seal the surface area w/PVA primer - one coat	132.00 SF	0.00	0.31	40.92
This is a base primer coat (PVA-Polyvinyl Acetate) required on all new drywall surfaces before application of texture				
Mask and prep for paint - plastic, paper, tape (per LF)	74.78 LF	0.00	0.83	62.07
Masking at wall to ceiling interface for 2nd color painting				
Remove Batt insulation - 6" - R21	88.00 SF	0.23	0.00	20.24
Batt insulation - 6" - R21	120.00 SF	0.00	0.87	104.40
Mask and prep for paint - paper and tape (per LF)	66.28 LF	0.00	0.46	30.49
Masking at wall to baseboard interface				
R&R Baseboard - 2 1/4"	56.28 LF	0.33	2.22	143.51
Baseboard - 2 1/4"	10.00 LF	0.00	2.22	22.20
Paint baseboard - two coats	66.28 LF	0.00	0.87	57.66
Clean ductwork - Interior (PER REGISTER)	3.00 EA	0.00	29.53	88.59
Heat/AC register - Mechanically attached - Detach & reset	2.00 EA	0.00	12.68	25.36
Detach & Reset Cold air return cover - Large	1.00 EA	0.00	0.00	17.29
Paint the walls and ceiling - two coats - 2 colors	745.69 SF	0.00	0.69	514.53
Detach & Reset Smoke detector	1.00 EA	0.00	0.00	37.50
R&R 110 volt copper wiring run, box and outlet	1.00 EA	4.14	52.80	56.94
Outlet or switch cover	1.00 EA	0.00	2.26	2.26

Step-17p
CONSTRUCTION**CONTINUED - Recreation Room**

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Seal stud wall for odor control	132.00 SF	0.00	0.56	73.92
Totals: Recreation Room				2,969.26

**Laundry Room****Height: 8'**

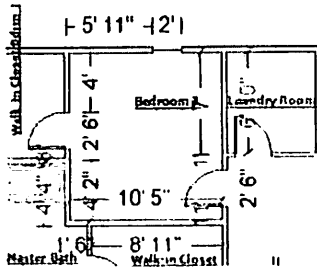
188.99 SF Walls	41.12 SF Ceiling
230.11 SF Walls & Ceiling	41.12 SF Floor
4.57 SY Flooring	23.21 LF Floor Perimeter
25.71 LF Ceil. Perimeter	

Door 2' 6" X 6' 8" Opens into RECREATION_R

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Seal the walls and ceiling shellac - one coat	230.11 SF	0.00	0.39	89.74
Paint the walls and ceiling - two coats - 2 colors	230.11 SF	0.00	0.69	158.78
Mask and prep for paint - paper and tape (per I.F)	23.21 LF	0.00	0.46	10.68
Masking at wall to baseboard interface				
Mask and prep for paint - plastic, paper, tape (per LF)	25.71 LF	0.00	0.83	21.34
Masking at wall to ceiling interface for 2nd color painting				
Floor protection - cloth - skid resistant, leak proof	41.12 SF	0.71	0.00	29.20
Interior door - Detach & reset - slab only	1.00 EA	0.00	13.59	13.59
Clean ductwork - Interior (PER REGISTER)	1.00 EA	0.00	29.53	29.53
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	0.00	12.68	12.68
Totals: Laundry Room				365.54

Step-11p

CONSTRUCTION



Bedroom 1

Height: 8'

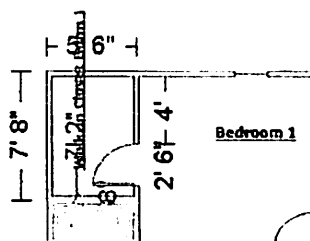
316.67 SF Walls	119.36 SF Ceiling
436.02 SF Walls & Ceiling	119.36 SF Floor
13.26 SY Flooring	38.75 LF Floor Perimeter
43.75 LF Ceil. Perimeter	

Door	2' 6" X 6' 8"	Opens into RECREATION_R
Door	2' 6" X 6' 8"	Opens into ROOM7
Window	2' X 4'	Opens into Exterior

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Remove Carpet	119.36 SF	0.24	0.00	28.65
Carpet	161.83 SF	0.00	2.77	448.27
R&R Carpet pad	119.36 SF	0.09	0.67	90.71
Interior door - Detach & reset - slab only	1.00 EA	0.00	13.59	13.59
Clean ductwork - Interior (PER REGISTER)	1.00 EA	0.00	29.53	29.53
Heat/AC register - Mechanically attached - Detach & reset	1.00 EA	0.00	12.68	12.68

Totals: Bedroom 1

623.43



Walk-in Closet Bdrm 1

Height: 8'

178.00 SF Walls	35.83 SF Ceiling
213.83 SF Walls & Ceiling	35.83 SF Floor
3.98 SY Flooring	21.83 LF Floor Perimeter
24.33 LF Ceil. Perimeter	

Door	2' 6" X 6' 8"	Opens into BEDROOM_1
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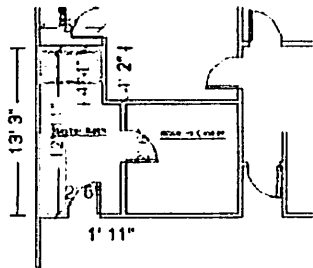
DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Remove Carpet	35.83 SF	0.24	0.00	8.60
Carpet	72.92 SF	0.00	2.77	201.99
R&R Carpet pad	35.83 SF	0.09	0.67	27.23
Interior door - Detach & reset - slab only	1.00 EA	0.00	13.59	13.59

Totals: Walk-in Closet Bdrm 1

251.41

Step-Up

CONSTRUCTION



Master Bath

Height: 8'

237.39 SF Walls
315.04 SF Walls & Ceiling
5.68 SY Flooring
38.87 LF Ceil. Perimeter

77.65 SF Ceiling
51.16 SF Floor
15.14 LF Floor Perimeter

Door 2' 6" X 6' 8" Opens into MASTER_BEDRO
Door 2' 6" X 6' 8" Opens into WALKIN_CLOS

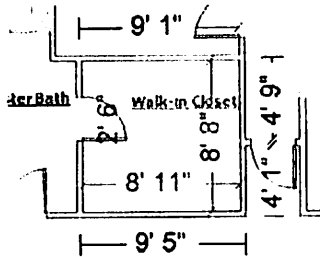
DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Clean ductwork - Interior (PER REGISTER)	1.00 EA	0.00	29.53	29.53
Hcat/AC register - Mechanically attached - Detach & reset	1.00 EA	0.00	12.68	12.68
Remove Vinyl floor covering (sheet goods)	51.16 SF	0.72	0.00	36.84
Vinyl floor covering (sheet goods)	159.25 SF	0.00	3.07	488.90
R&R Vinyl - metal transition strip	6.00 LF	0.59	2.85	20.64
Floor preparation for sheet goods - Heavy	51.16 SF	0.00	0.86	44.00
Interior door - Detach & reset - slab only	1.00 EA	0.00	13.59	13.59
R&R Bathtub	EA	57.97	667.06	0.00
Bathtub inserted in sketch only for subtraction of square footage				
Detach & Reset Toilet	1.00 EA	0.00	0.00	187.53
Plumbing fixture supply line	1.00 EA	0.00	15.31	15.31
R&R Baseboard - 2 1/4"	15.14 LF	0.33	2.22	38.61
Paint baseboard - two coats	15.14 LF	0.00	0.87	13.17
R&R Casing - 2 1/4"	34.00 LF	0.39	1.50	64.26
Paint casing - two coats	34.00 LF	0.00	0.87	29.58
Stain & finish door/window trim & jamb (per side)	2.00 EA	0.00	25.08	50.16
Bathroom side of bathroom door and walk in closet door.				
Caulking - silicone	5.00 LF	0.00	1.86	9.30
caulking at tub to floor transition				

Totals: Master Bath

1,054.10

Step-Up

CONSTRUCTION



Walk-in Closet

Height: 8'

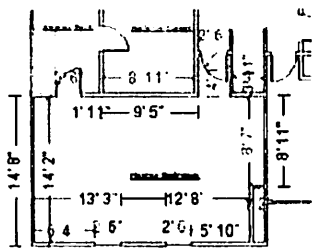
264.33 SF Walls	77.09 SF Ceiling
341.41 SF Walls & Ceiling	77.09 SF Floor
8.57 SY Flooring	32.62 LF Floor Perimeter
35.12 LF Ceil. Perimeter	

Door

2' 6" X 6' 8"

Opens into MASTER_BATH

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Interior door - Detach & reset - slab only	1.00 EA	0.00	13.59	13.59
Totals: Walk-in Closet				13.59



Master Bedroom

Height: 8'

598.67 SF Walls	323.01 SF Ceiling
921.68 SF Walls & Ceiling	323.01 SF Floor
35.89 SY Flooring	76.50 LF Floor Perimeter
81.50 LF Ceil. Perimeter	

Door

2' 6" X 6' 8"

Opens into RECREATION_R

Door

2' 6" X 6' 8"

Opens into MASTER_BATH

Window

2' 6" X 4'

Opens into Exterior

Window

2' 6" X 4'

Opens into Exterior

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Remove Carpet	323.01 SF	0.24	0.00	77.52
Carpet	378.67 SF	0.00	2.77	1,048.92
R&R Carpet pad	323.01 SF	0.09	0.67	245.49
Interior door - Detach & reset - slab only	1.00 EA	0.00	13.59	13.59
Clean ductwork - Interior (PER REGISTER)	2.00 EA	0.00	29.53	59.06
Heat/AC register - Mechanically attached - Detach & reset	2.00 EA	0.00	12.68	25.36
Totals: Master Bedroom				1,469.94

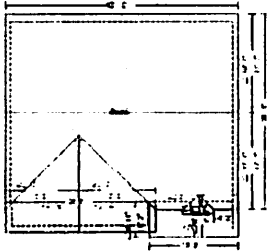
Total: Upper Level

7,795.35

Roof

Step-1)p

CONSTRUCTION



Roof

1,687.05 Surface Area
196.01 Total Perimeter Length

16.87 Number of Squares
61.00 Total Ridge Length

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Clean stud wall - Heavy	2,969.70 SF	0.00	0.71	2,108.49

Clean top chords and roof decking, truss webbing, bottom chords and back of drywall, open stud bays first and second floor.

KILZ® Original Primer

Surface Preparation†

Wash off any dirt, grease or smoke damage with a non-soapy detergent or a TSP substitute, rinse well and then allow to dry. Remove all mildew with a commercially available mildew remover, rinse well and then allow to dry. Note: KILZ PREMIUM and KILZ 2 are recommended for mildew-prone surfaces. Unpainted, exterior wood exposed to sun and/or moisture longer than 2-4 weeks must be cleaned and sanded before priming. For maximum adhesion, scrape off loose paint and scuff sand the surface thoroughly before priming. On glossy surfaces: scuff sand the surface thoroughly before priming.

WARNING!

This product contains chemicals known to the state of California to cause cancer, birth defects, or other reproductive harm.

Cleaning Technician - per hour	16.00 HR	0.00	31.64	506.24
Additional labor hours needed to clean in the confined space of the attic. Crew will be working on their knees on pieces of 2x6 so they don't fall through the drywall.				
Add for HEPA filter (for neg. air machine/vacuum - Large)	2.00 EA	0.00	239.62	479.24
Neg. air fan/Air scrub.-Large (per 24 hr period)-No monit.	2.00 DA	0.00	109.88	219.76
Containment Barrier/Airlock/Decon. Chamber	230.00 SF	0.00	0.65	149.50
Dust control barrier - tension post - per day	14.00 DA	3.30	0.00	46.20
Peel & seal zipper	3.00 EA	0.00	9.36	28.08
Painter - per hour	1.50 HR	0.00	48.00	72.00
Labor to mask windows inside containment area and to mask all heat registers openings in the ceiling. and in mask when smoke seal has been completed.				
Painter - per hour	3.50 HR	0.00	48.00	168.00
Additional labor to customize decon chamber to keep equipment outside of it				

CONTINUED - Roof

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
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Occupational Safety & Health Administration Report

Accident: 202541322 -- Report ID: 0950641 -- Event Date: 09/29/2009

Inspection Open Date SIC Establishment Name
 300870755 10/06/2009 1799 911 Restoration Enterprises Inc

On September 29, 2009, Employees #1 and #2, who were employed by a restoration services company, were working in an apartment unit, on the second floor of an inhabited, four-story multi-unit residential building. The workers had been at the site on two previous occasions to expose framing members by removing drywall and then to enclosed the subject area with plastic sheeting. Because test results from an independent testing lab showed that mold was still present, Employees #1 and #2 returned to the apartment unit a third time to encapsulate the mold. Employees #1 and #2 were spraying Kilz(R) Original Aerosol to encapsulate visible mold that was on the framing members of an interior partition wall of the apartment unit, while inside the plastic-enclosed containment area. The homeowner was in the kitchen area of the apartment. Employees #1 and #2 exhausted four and one-half, 13-ounce-sized cans of the flammable aerosol within the containment area, which measured 41 inches deep by 8 feet long by 8 feet, 10 inches high. They then plugged into an electrical outlet an OmniAire 1000V HEPA air filtration machine, which was also inside the containment area. An explosion and fire occurred, when an ignition source was introduced inside the containment area where flammable vapors were concentrated. Employees #1 and #2 sustained serious burns (second and third degree) to their upper bodies and faces. They required inpatient hospitalization for more than 24 hours. According to the manufacturer, OmniAire 1000V was an air filtering machine designed for filtering particulates and providing negative air pressure for asbestos abatement. The machine was listed as meeting requirements for UL (Underwriters Laboratories) Standard UL507 for Safety for

Electric Fans. The listing did not include use in hazardous atmospheres, where flammable vapors were present. The machine had a variable speed controller and Emerson, open-frame type fan motor. The investigation found that the employer's IIPP (Injury and Illness Prevention Program) lacked several required elements and that the workers were not trained on the physical or health hazards of the Kilz(R) Original Aerosol. Further, the improper use of listed equipment in a hazardous atmosphere caused the explosion and fire. The employer was issued citations accordingly.

OSHA ENFORCEMENT

Under the OSH Act, employers are responsible for providing a safe and healthful workplace. OSHA's mission is to assure safe and healthful workplaces by setting and enforcing standards and by providing training, outreach, education and assistance. This page contains information about OSHA's enforcement activities. If you have questions, need additional information, want to file a complaint, or would like to contact OSHA, please call 1-800-321-OSHA (6742). You can also e-mail us your questions (e-mail OSHA). It's confidential. We are here to help.

Fine vor this type and level of violation \$7,000.00

Respirator cartridge - HEPA only (per pair)	4.00 EA	0.00	8.56	34.24
Add for personal protective equipment - Heavy duty	2.00 EA	0.00	17.69	35.38
Eye protection - plastic goggles - Disposable	10.00 EA	0.00	6.48	64.80
Equipment decontamination charge - HVY, per piece of equip	1.00 EA	0.00	48.81	48.81
Explosion proof lighting rental charge	1.00 EA	0.00	672.00	672.00

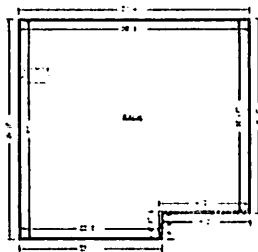
CONTINUED - Roof

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
General Laborer - per hour	4.00 HR	0.00	40.88	163.52
Labor to clean Primer from the lights post use				

Totals: Roof				4,796.26
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Total: Roof				4,796.26
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Attic



Attic

Height: 8'

1,146.67 SF Walls	1,225.15 SF Ceiling
2,371.81 SF Walls & Ceiling	1,225.15 SF Floor
136.13 SY Flooring	143.33 LF Floor Perimeter
143.33 LF Ceil. Perimeter	

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Remove Blown-in insulation - Machine removal	1,225.15 SF	1.01	0.00	1,237.40
Blown-in insulation - 16" depth - R44	1,225.15 SF	0.00	1.03	1,261.90
Baffle vent - cardboard	62.00 LF	0.00	0.64	39.68
Seal truss system - up to 5/12	1,225.15 SF	0.00	1.06	1,298.66
Seal floor or ceiling joist system (shellac)	1,213.15 SF	0.00	0.84	1,019.05

This line item is meant to cover material and labor cost associated with sealing of the drywall lid from the attic space. Use of special tips and extensions will be used to seal tight (restrictive) spaces such as the areas by the vent blocks. This work should be completed before the siding is replaced to prevent sealer from traveling through the vent block openings and getting on the siding. If siding is not replaced (Whole House) then Country Financial should consider paying additional monies to prevent overspray, originating from smoke sealing the attic, from coming out of the vent blocks and damaging the siding. The vent screens should be cleaned by the mitigation company and masked off prior to smoke seal since the vent screens are visible from the street and driveway.

Painter - per hour	1.20 HR	0.00	48.00	57.60
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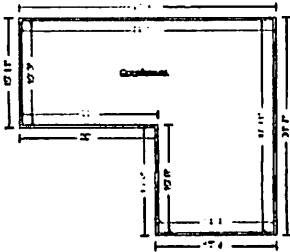
These additional hours will be needed to copiously seal all surfaces in the attic space. This is due to its (the attic space) restrictive area, lack of walking surface and need for use of specialized equipment. One additional worker will be required at the attic access point to manage the sprayer line and communicate with the worker manning the nozzle.

Totals: Attic				4,914.29
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Total: Attic				4,914.29
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Crawl

Step-Up CONSTRUCTION



Crawlspace

Height: 8'

1,081.33 SF Walls	820.75 SF Ceiling
1,902.09 SF Walls & Ceiling	820.75 SF Floor
91.19 SY Flooring	135.17 LF Floor Perimeter
135.17 LF Ceil. Perimeter	

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Batt insulation - 10" - R30	150.00 SF	0.00	0.91	136.50
Seal floor or ceiling joist system (shellac)	150.00 SF	0.00	0.84	126.00
Painter - per hour	1.00 HR	0.00	48.00	48.00
These additional hours will be needed to effectively seal affected floor joist in the crawl. Do to the constructive nature of the crawl space and only one egress/ingress, an additional worker will be required at the crawl opening to manage the sprayer line and communicate with the worker manning the nozzle. This crawl meets the definition of Permittable space (confined space) as defined by OSHA and WISHA.				
R&R Vapor barrier - visqueen - 6mil	200.00 SF	0.07	0.25	64.00
Totals: Crawlspace				374.50
Total: Crawl				374.50

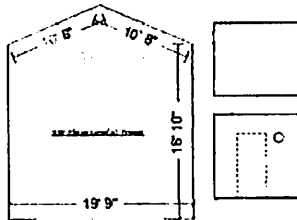
Gutters

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
R&R Gutter / downspout - aluminum - up to 5"	147.58 LF	0.42	4.12	670.01
R&R Gutter / downspout - aluminum - up to 5"	91.58 LF	-0.42	-4.12	-415.77
This credit is to bring our scope in line with what Greg Stariha of Country Financial has agreed to pay for. Step Up Construction, Inc. cannot be responsible for deminished value of the home resulting from gutters and downspouts that don't match.				
Totals: Gutters				254.24

SW Elevation (Front)

Step-1)p

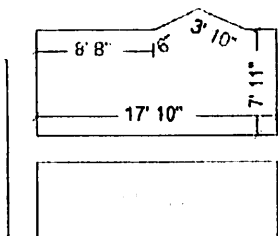
CONSTRUCTION



SW Elevation(s) Front

Height: 4"

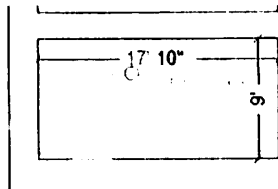
26.24 SF Walls	411.67 SF Ceiling
437.91 SF Walls & Ceiling	294.89 SF Floor
32.77 SY Flooring	78.73 LF Floor Perimeter
78.73 LF Ceil. Perimeter	



Subroom: SW Elevation2 (2)

Height: 4"

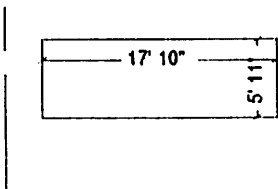
17.39 SF Walls	146.28 SF Ceiling
163.67 SF Walls & Ceiling	135.69 SF Floor
15.08 SY Flooring	52.18 LF Floor Perimeter
52.18 LF Ceil. Perimeter	



Subroom: SW Elevation1 (1)

Height: 4"

17.89 SF Walls	160.55 SF Ceiling
178.44 SF Walls & Ceiling	124.77 SF Floor
13.86 SY Flooring	53.68 LF Floor Perimeter
53.68 LF Ceil. Perimeter	



Subroom: Porch Soffit (3)

Height: 4"

15.85 SF Walls	105.82 SF Ceiling
121.67 SF Walls & Ceiling	105.82 SF Floor
11.76 SY Flooring	47.54 LF Floor Perimeter
47.54 LF Ceil. Perimeter	

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
R&R Siding - vinyl	694.23 SF	0.34	2.69	2,103.52
R&R House wrap (air/moisture barrier)	661.17 SF	0.04	0.27	204.97
R&R Fanfold foam insulation board - 1/4"	661.17 SF	0.24	0.43	442.98
R&R Light/outlet J-block - Vinyl	1.00 EA	2.41	15.88	18.29
Shutters - Detach & reset	8.00 EA	0.00	18.48	147.84
R&R Vinyl inside corner post	20.00 LF	0.96	2.88	76.80
R&R Window/door trim	102.00 LF	0.80	1.94	279.48
Door numbers/letters - Detach & reset	1.00 EA	0.00	9.15	9.15

CONTINUED - SW Elevation(s) Front

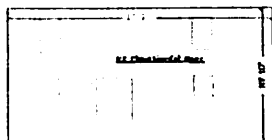
DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Exterior light fixture - Detach & reset	1.00 EA	0.00	57.50	57.50
Prime & paint exterior fascia - wood, 4" - 6" wide	59.83 LF	0.00	1.04	62.22
Prime and paint Shadow board	59.83 LF	0.00	0.61	36.50
Shadow board				
Prime & paint exterior soffit - exposed rafters	59.83 SF	0.00	1.96	117.27
Mask and prep for paint - paper and tape (per LF)	59.83 LF	0.00	0.46	27.52
Masking between shadow board and roofing material				
SIDING	1.00 EA	0.00	-3,584.04	-3,584.04

This credit is inclusive of overhead, profit and WSST. Its purpose is to bring our scope in line with the scope authorized by Greg Stariha at Country Financial. Step Up Construction, Inc. cannot accept responsibility for diminished home value resulting from siding only two of the four elevations. Step Up Construction and Greg Stariha are in agreement that the siding will not match, however, it appears to be a coverage issue that has influenced Greg Stariha's decision not to cover the cost of re-siding the entire structure. As we are contractors and not adjusters, we defer to Greg Stariha's decision.

Totals: SW Elevation(s) Front

0.00

NE Elevation (Rear)



NE Elevation(s) Rear

Height: 4"

37.37 SF Walls	700.26 SF Ceiling
737.63 SF Walls & Ceiling	700.26 SF Floor
77.81 SY Flooring	112.10 LF Floor Perimeter
112.10 LF Ceil. Perimeter	

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
R&R Siding - vinyl	735.27 SF	0.34	2.69	2,227.87
R&R House wrap (air/moisture barrier)	700.26 SF	0.04	0.27	217.08
R&R Light/outlet J-block - Vinyl	2.00 EA	2.41	15.88	36.58
R&R Window/door trim	78.00 LF	0.80	1.94	213.72
Exterior light fixture - Detach & reset	1.00 EA	0.00	57.50	57.50
Prime & paint exterior fascia - wood, 4" - 6" wide	41.00 LF	0.00	1.04	42.64
Prime and paint Shadow board	41.00 LF	0.00	0.61	25.01
Shadow board				

Step-11p

CONSTRUCTION

CONTINUED - NE Elevation(s) Rear

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Prime & paint exterior soffit - exposed rafters	41.00 SF	0.00	1.96	80.36
Mask and prep for paint - paper and tape (per LF)	41.00 LF	0.00	0.46	18.86
Masking between shadow board and roofing material				
Siding Installer - per hour	1.00 HR	0.00	57.02	57.02
Detach and reset the window A/C brackets				
Totals: NE Elevation(s) Rear				2,976.64
Total: NE Elevation (Rear)				2,976.64

NW Elevation (Side)



NW Elevation(s)

Height: 4"

37.36 SF Walls	781.53 SF Ceiling
818.88 SF Walls & Ceiling	781.53 SF Floor
86.84 SY Flooring	112.07 LF Floor Perimeter
112.07 LF Ceil. Perimeter	

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
R&R Siding - vinyl	820.60 SF	0.34	2.69	2,486.41
R&R House wrap (air/moisture barrier)	781.53 SF	0.04	0.27	242.27
R&R Fanfold foam insulation board - 1/4"	781.53 SF	0.24	0.43	523.63
R&R Attic vent - gable end - vinyl	1.00 EA	6.44	87.19	93.63
Fencing Installer - per hour	4.00 HR	0.00	51.79	207.16
Fence manipulation and required to complete siding				
Prime & paint exterior fascia - wood, 4"- 6" wide	42.17 LF	0.00	1.04	43.86
Prime and paint Shadow board	42.17 LF	0.00	0.61	25.72
Shadow board				
Prime & paint exterior soffit - exposed rafters	42.17 SF	0.00	1.96	82.65
Mask and prep for paint - paper and tape (per LF)	42.17 LF	0.00	0.46	19.40
Masking between shadow board and roofing material				

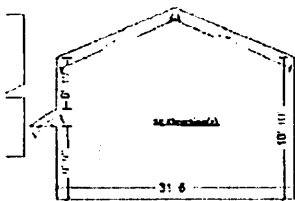
CONTINUED - NW Elevation(s)

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
SIDING	1.00 EA	0.00	-3,724.73	-3,724.73

This credit is inclusive of overhead, profit and WSST. Its purpose is to bring our scope in line with the scope authorized by Greg Stariha at Country Financial. Step Up Construction, Inc. cannot accept responsibility for diminished home value resulting from siding only two of the four elevations. Step Up Construction and Greg Stariha are in agreement that the siding will not match, however, it appears to be a coverage issue that has influenced Greg Stariha's decision not to cover the cost of re-siding the entire structure. As we are contractors and not adjusters, we defer to Greg Stariha's decision.

Totals: NW Elevation(s) 0.00

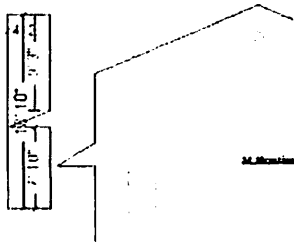
SE Elevation (Side)



SE Elevation(s)

Height: 4"

36.34 SF Walls	700.00 SF Ceiling
736.34 SF Walls & Ceiling	700.00 SF Floor
77.78 SY Flooring	109.02 LF Floor Perimeter
109.02 LF Ceil. Perimeter	



Subroom: SE Elevation1 (1)

Height: 4"

17.54 SF Walls	75.03 SF Ceiling
92.57 SF Walls & Ceiling	75.03 SF Floor
8.34 SY Flooring	52.63 LF Floor Perimeter
52.63 LF Ceil. Perimeter	

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
R&R Siding - vinyl	813.78 SF	0.34	2.69	2,465.76
R&R House wrap (air/moisture barrier)	775.03 SF	0.04	0.27	240.26
R&R Attic vent - gable end - vinyl	1.00 EA	6.44	87.19	93.63
R&R Light/outlet J-block - Vinyl	1.00 EA	2.41	15.88	18.29
R&R Window/door trim	13.00 LF	0.80	1.94	35.62
Fencing Installer - per hour	4.00 HR	0.00	51.79	207.16
Fence manipulation required to complete siding				
Detach & Rscet Storage shed - Vinyl - Gable type - 8' x 6'	1.00 EA	0.00	0.00	315.68
This shed will have to be removed from its current location to facilitate siding repairs and reset post repairs				
R&R Fascia - 2" x 6" - softwood - re-sawn	36.17 LF	0.26	6.73	252.82

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Step-11p

CONSTRUCTION

CONTINUED - SE Elevation(s)

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Rake board				
R&R Trim board - 1" x 2" - installed (cedar)	36.17 LF	0.27	2.22	90.07
Shadow Board				
Soffit & Fascia Installer - per hour	0.40 HR	0.00	57.02	22.81
Labor to remove existing cornice and replace with a new one that is field cut. There is no material charge because it will be cut out of rake board scrap				
Prime & paint exterior fascia - wood, 4" - 6" wide	45.17 LF	0.00	1.04	46.98
Prime and paint Shadow board	45.17 LF	0.00	0.61	27.55
Shadow board				
Prime & paint exterior soffit - exposed rafters	45.17 SF	0.00	1.96	88.53
Mask and prep for paint - paper and tape (per LF)	45.17 LF	0.00	0.46	20.78
Masking between shadow board and roofing material				
(Material Only) Sheathing - waferboard - 1/2"	256.00 SF	0.00	0.45	115.20
(Material Only) 2" x 6" lumber (1 BF per LF)	30.00 LF	0.00	0.64	19.20
(Material Only) Nails - 10d to 16d - per pound	5.00 LB	0.00	5.55	27.75
Framing - Labor Minimum	1.00 EA	0.00	131.33	131.33
Per Xactimate: "Minimum charge for framing repair. Minimum items are not meant to be used in conjunction with applied Base Service Charges. If additional time is needed to match or purchase materials, it may be necessary to add supplemental labor hours; see item FRM LAB".				
Carpenter - General Framer - per hour	5.50 HR	0.00	52.53	288.92
Needed to purchase materials and complete repairs. This repair will consume 1 full day of labor.				
Totals: SE Elevation(s)				4,508.34
Total: SE Elevation (Side)				4,508.34

Shed

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
R&R Storage shed - Vinyl - Gable type - 8' x 6'	1.00 EA	115.92	919.89	1,035.81
Totals: Shed				1,035.81

Step-17p

CONSTRUCTION

Scaffolding

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Two ladders with jacks and plank (per week)	14.00 WK	0.00	311.12	4,355.68
Seven sections for 2 weeks. These will be used for for all applicable trades - dmo, siding				
Two ladders with jacks and plank (per week)	9.00 WK	0.00	-311.12	-2,800.08
Less siding approved by Greg Stariha will mean less scaffolding is needed				
Totals: Scaffolding				1,555.60

GC-Site Protection

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
The following line items represent material and labor cost associated with protecting the following exterior surfaces: Driveway - Sidewalk - Front Porch and Deck.				
(Material Only) Sheathing - plywood - 1/2" CDX	160.00 SF	0.00	0.72	115.20
5 sheets of plywood for site protection. 0 sheets for the deck, 1 sheets for the front porch, 4 for the driveway under dumpster legs and the same 4 used on the driveway under debris pile once the dumpster has been removed				
4 sheet designated to protect the deck from damage as a result of falling tools, material and/or debris and also from the scaffolding legs, has been removed.				
WR hardboard - per roll	1.00 RL	59.00	0.00	59.00
WR Hardboard (material only). Used for protection of exterior walking surfaces - used in conjunction with 1/2" ply				
Sticky mat - dust and debris collection system	1.00 BX	58.00	0.00	58.00
Sticky Mat (material only). This product will be placed at front, rear and garage man doors and used as part of our site protection system				
Polycraft - (material only)	1.00 RL	49.65	0.00	49.65
Poly Craft (material only). Used for protection of exterior concrete surfaces - used in conjunction with 1/2" ply				
General Laborer - per hour	2.50 HR	0.00	40.88	102.20
Labor to manipulate, set in place and remove FRM SH1/2, DMO WHRB, DMO SMAT, and DMO PLOYC designated for exterior site protection. 1.5 hrs removed to jive with deck protection being removed.				
Totals: GC-Site Protection				384.05

Life Safety

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
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CONTINUED - Life Safety

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Air clearance testing - VOC	1.00 EA	0.00	2,800.00	2,800.00
Air clearance test including VOC reporting. Homeowner is asthmatic and home will have to be cleared before the structure is safe to occupy.				
Air clearance testing - VOC	1.00 EA	0.00	-2,800.00	-2,800.00

Greg Stariha with Country Financial stated that he would not pay for VOC testing but would pay for an extension of ALE. Given that the homeowner and her son both suffer from Asthma, this does not seem to be the best approach. The manufacturers that I have spoken to about this state that dissipation of VOC's is contingent on many factors such as humidity, temperature and air flow. They have also stated that it could take several weeks before the homeowner could safely move back in. There is also the chance that she could move in and then have to move back out for medical reasons related to VOC exposure resulting from the refusal of Greg Stariha of Country financial to pay for VOC testing. A VOC clearance test would clear the structure and remove any liability. Step Up Construction urges Greg Stariha and Country Financial to research the negative effects of VOC's on the general population and specifically on those suffering from a respiratory disease or illness like asthma. MSDS sheets of products we are using to complete the repairs will be given to the homeowner prior to them moving back in so that they are aware of the possible health risk and danger to life.

THORAX
INTERNATIONAL JOURNAL OF RESPIRATORY MEDICINE

Step-Up

CONSTRUCTION

CONTINUED - Life Safety

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Domestic exposure to volatile organic compounds with asthma				
Results: Cases were exposed to significantly higher VOC levels ($\mu\text{g}/\text{m}^3$) than controls ($p < 0.01$). Most of the individual VOCs appeared to be significant risk factors for asthma with the highest odds ratios for benzene followed by ethylbenzene and toluene. For every 10 unit increase in the concentration of toluene and benzene ($\mu\text{g}/\text{m}^3$) the risk of having asthma increased by almost two and three times, respectively.				
Conclusions: Domestic exposure to VOCs at levels below currently accepted recommendations may increase the risk of childhood asthma. Measurement of total VOCs may underestimate the risks associated with individual compounds.				
References from this article. Anderson HR, Butland BK, Strachan DP. Trends in prevalence and severity of childhood asthma. BMJ. 1994 Jun 18;308(6944):1600-1604. [PMC free article] Burney PG, Chinn S, Rona RJ. Has the prevalence of asthma increased in children? Evidence from the national study of health and growth 1973-86. BMJ. 1990 May 19;300(6735):1306-1310. [PMC free article] Peat JK, van den Berg RH, Green WF, Mellis CM, Leeder SR, Woolcock AJ. Changing prevalence of asthma in Australian children. BMJ. 1994 Jun 18;308(6944):1591-1596. [PMC free article] Hyndman SJ, Brown DL, Ewan PW, Higenbottam TW, Maunder JW, Williams DR. Humidity regulation in the management of asthma patients sensitized to house dust mites. Q J Med. 1994 Jun;87(6):367-372. Environmental Controls and Lung Disease. Am Rev Respir Dis. 1990 Oct;142(4):915-939. Norbäck D, Björnsson E, Janson C, Widström J, Boman G. Asthmatic symptoms and volatile organic compounds, formaldehyde, and carbon dioxide in dwellings. Occup Environ Med. 1995 Jun;52(6):388-395. [PMC free article] Wieslander G, Norbäck D, Björnsson E, Janson C, Boman G. Asthma and the indoor environment: the significance of emission of formaldehyde and volatile organic compounds from newly painted indoor surfaces. Int Arch Occup Environ				
Megohmmeter check electrical circuits - average residence	1.00 EA	0.00	587.20	587.20
Megohmmeter check electrical circuits - average residence	1.00 EA	0.00	-587.20	-587.20

The following is the recommendation of NEMA and mirrors the National and State Electrical Code Requirements. The NEMA requirements below have been adopted by Washington State Labor and Industries Chief Electrical Inspector, Ronald E Fuller. Greg Stariha with Country Financial will not pay to replace the wiring in the home that was wet as a result of the fire nor will he pay for a megohmmeter check which Step Up Construction, WA L&I, NEC and NEMA consider a life safety issue.

CONTINUED - Life Safety

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Wire, Cable, and Flexible Cords When any wire or cable product is exposed to water, any metallic component (such as the conductor, metallic shield, or armor) is subject to corrosion that can damage the component itself and/or cause termination failures. If water remains in medium voltage cable, it could accelerate insulation deterioration, causing premature failure. Wire and cable that is listed for only dry locations may become a shock hazard, when energized, after being exposed to water. The following recommended actions are based upon the concept that the water contains no high concentrations of chemicals, oils, etc. If it is suspected that the water has unusual contaminants, such as may be found in some flood water, the manufacturer should be consulted before any decision is made to continue using any wire or cable products. Items Requiring Complete Replacement: Any wire or cable that is listed for dry locations only, such as type NM-B cable, should be replaced if it has been exposed to water. Any cable that contains fillers, such as polypropylene, paper, etc., should be replaced if the ends of the product have been exposed to water. Items Which May Possibly be Reconditioned by Trained Personnel in Consultation with Manufacturer: Any wire or cable product that is suitable for wet locations and whose ends have not been exposed to water should be suitable for use or continued use. A qualified person, such as an electrical contractor or others familiar with wire and cable terminology, should make the determination of the product's suitability for wet locations. Any wire or cable product, not containing fillers, that is suitable for wet locations and whose ends have been exposed to water, may be considered a candidate for "purging" (using an inert gas under pressure to remove water contained in the product) under engineering supervision. If this procedure is employed, the wire or cable should be tested prior to energization. As a minimum, an insulation resistance test with a megohmmeter should be cond Step Up Construction strongly urges Greg Stariha of Country Financial to reconsider his stance on the megohmmeter testing. Any future fire, electrical damage, damage to electrical devices (laptops, t.v.'s, etc.), electrical shock, etcetera, will not be considered the liability or responsibility of Step Up Construction.				
Residential supervision - per hour	42.60 HR	0.00	56.84	2,421.38
One hour a day for direct on-site supervision. This includes site safety inspections and weekly site safety classes as required by OSHA/WISHA.				
Residential supervision - per hour	21.30 HR	0.00	-56.84	-1,210.69
Greg Stariha of Country Financial has refused to pay one hour a day for site supervision. We have removed half of the site supervision for Mr. Stariha, however, it should be noted that project delays are likely to occur as a result of so little on site supervision. The 2.5 hrs a week we have left in the estimate will be devoted to site safety and holding weekly safety meetings as required by OSHA/WISHA/L&I. Step Up Construction will not be held liable for construction delays as a result of the reduction in supervisory hours demanded by Greg Stariha. Step Up Construction will inform the homeowners of the possibility of delays resulting from this lack of supervision as it could mean additional A.I.F. cost and additional time spent out of their home.				
Totals: Life Safety				1,210.69

Step-17p

CONSTRUCTION

Cleaning

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Final cleaning - construction - Residential	2,450.00 SF	0.00	0.24	588.00
Clean window unit (per side) 10 - 20 SF	18.00 EA	0.00	11.71	210.78
Interior and exterior				
Clean window unit (per side) 21 - 40 SF	4.00 EA	0.00	17.62	70.48
Interior and exterior SGD glass surfaces				
Clean window screen	9.00 EA	0.00	8.44	75.96
Removal and cleaning of window screens				
Cleaning Technician - per hour	3.00 HR	0.00	31.24	93.72
Additional labor required due to hieght of second story windows				
Cleaning Technician - per hour	8.00 HR	0.00	31.24	249.92
Labor to broom clean and wash exterior stairs, paitio, deck, and driveway post construction. One worker 8 hrs				
Cleaning Technician - per hour	4.00 HR	0.00	-31.24	-124.96
Less siding work approved by Greg Stariha means less exterior cleaning needed. This credit reflects that. This amount is taken away from the line item above it.				
Cleaning Technician - per hour	8.00 HR	0.00	31.24	249.92
Two workers 4 hours each to remove construction and demo related debris from the yard, shrubs, bushes, dirt and landscaping bark and debris tagging area next to the driveway. This worker will also go over all of these areas with a magnet broom to ensure the complete removal of all metalic debris (such as nails and screws)				
Cleaning Technician - per hour	8.00 HR	0.00	-31.24	-249.92
Less siding work approved by Greg Stariha means less exterior cleaning needed. This credit reflects that. This amount is taken away from the line item above it.				
Cleaning Technician - per hour	10.75 HR	0.00	31.24	335.83
15 minutes of daily site cleanup as required to meet OSHA standards. 2 months and/or duration of the project				
Totals: Cleaning				1,499.73

Deck

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
R&R Deck guard rail - treated lumber	6.00 LF	0.87	22.38	139.50
R&R Deck / Exterior guard rail - Newel post	1.00 EA	14.49	73.39	87.88
- Labor only				
Sand wood	360.00 SF	0.00	2.79	1,004.40
Sand deck boards, facia, between built in benches and ballusters, risers and/or treads and stringers				
Stain/finish deck	728.00 SF	0.00	0.56	407.68
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Step-11p

CONSTRUCTION

CONTINUED - Deck

DESCRIPTION	QNTY	REMOVE	REPLACE	TOTAL
Two coats				
Painter - per hour	16.00 HR	0.00	48.00	768.00
Labor to sand deck rail, ballusters, post and benches				
Stain/finish deck handrail	96.00 LF	0.00	4.18	401.28
Two coats				
NOTE: Country Financial calls out two coats of paint on the deck and handrail, which is the correct number of coats, however it is a semi transparent stain and not paint. The deck and handrail will need to be sanded and not pressure washed.				
Totals: Deck				2,808.74
Line Item Totals: 2012-10-09-0836REV				44,885.51

Grand Total Areas:

8,054.72 SF Walls	7,449.71 SF Ceiling	15,504.43 SF Walls and Ceiling
7,241.34 SF Floor	804.59 SY Flooring	1,538.93 LF Floor Perimeter
0.00 SF Long Wall	0.00 SF Short Wall	1,694.48 LF Ceil. Perimeter
7,241.34 Floor Area	7,568.50 Total Area	7,528.17 Interior Wall Area
6,824.73 Exterior Wall Area	1,216.42 Exterior Perimeter of Walls	
1,687.05 Surface Area	16.87 Number of Squares	196.01 Total Perimeter Length
61.00 Total Ridge Length	0.00 Total Hip Length	

Step-Up
CONSTRUCTION

Summary

Line Item Total			44,885.51
Overhead	@	10.0%	4,488.73
Profit	@	10.0%	4,488.73
Sales Tax	@	9.400%	5,063.21
Replacement Cost Value			\$58,926.18
Less Deductible			(1,000.00)
Net Claim			\$57,926.18

Bernie Williams
Estimator

Step-1/p
CONSTRUCTION**Recap by Room****Estimate: 2012-10-09-0836REV**

General Conditions	2,068.45	4.61 %
Area: Main Level		
Bathroom	713.30	1.59 %
Stairs	963.75	2.15 %
Entry Clst	153.35	0.34 %
Garage	281.50	0.63 %
Pantry	466.29	1.04 %
Entertainment Room	3,016.91	6.72 %
Entry/Hallway	329.81	0.73 %
Living Room	989.23	2.20 %
Dining Room	966.56	2.15 %
Kitchen	822.12	1.83 %
Area Subtotal: Main Level	8,702.82	19.39 %
Area: Upper Level		
Bedroom 2	819.69	1.83 %
Closet Bdrm 2	186.18	0.41 %
Bathroom	42.21	0.09 %
Recreation Room	2,969.26	6.62 %
Laundry Room	365.54	0.81 %
Bedroom 1	623.43	1.39 %
Walk-in Closet Bdrm 1	251.41	0.56 %
Master Bath	1,054.10	2.35 %
Walk-in Closet	13.59	0.03 %
Master Bedroom	1,469.94	3.27 %
Area Subtotal: Upper Level	7,795.35	17.37 %
Area: Roof		
Roof	4,796.26	10.69 %
Area Subtotal: Roof	4,796.26	10.69 %
Area: Attic		
Attic	4,914.29	10.95 %
Area Subtotal: Attic	4,914.29	10.95 %
Area: Crawl		
Crawlspace	374.50	0.83 %

Step-Up

CONSTRUCTION

Area Subtotal: Crawl	374.50	0.83 %
Gutters	254.24	0.57 %
Area: NE Elevation (Rear)		
NE Elevation(s) Rear	2,976.64	6.63 %
Area Subtotal: NE Elevation (Rear)	2,976.64	6.63 %
Area: SE Elevation (Side)		
SE Elevation(s)	4,508.34	10.04 %
Area Subtotal: SE Elevation (Side)	4,508.34	10.04 %
Shed	1,035.81	2.31 %
Scaffolding	1,555.60	3.47 %
GC-Site Protection	384.05	0.86 %
Life Safety	1,210.69	2.70 %
Cleaning	1,499.73	3.34 %
Deck	2,808.74	6.26 %
Subtotal of Areas	44,885.51	100.00 %
Total	44,885.51	100.00 %

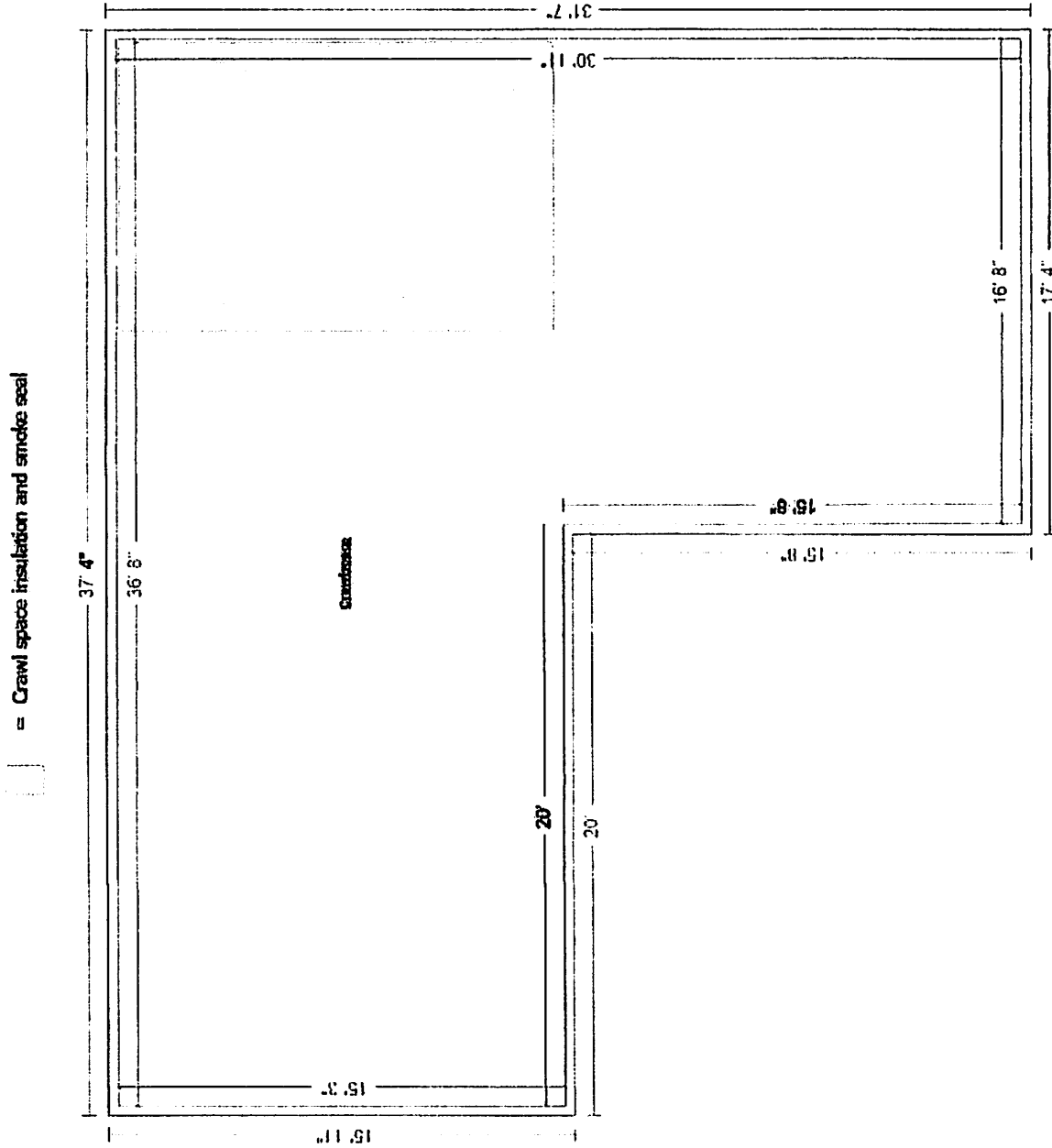
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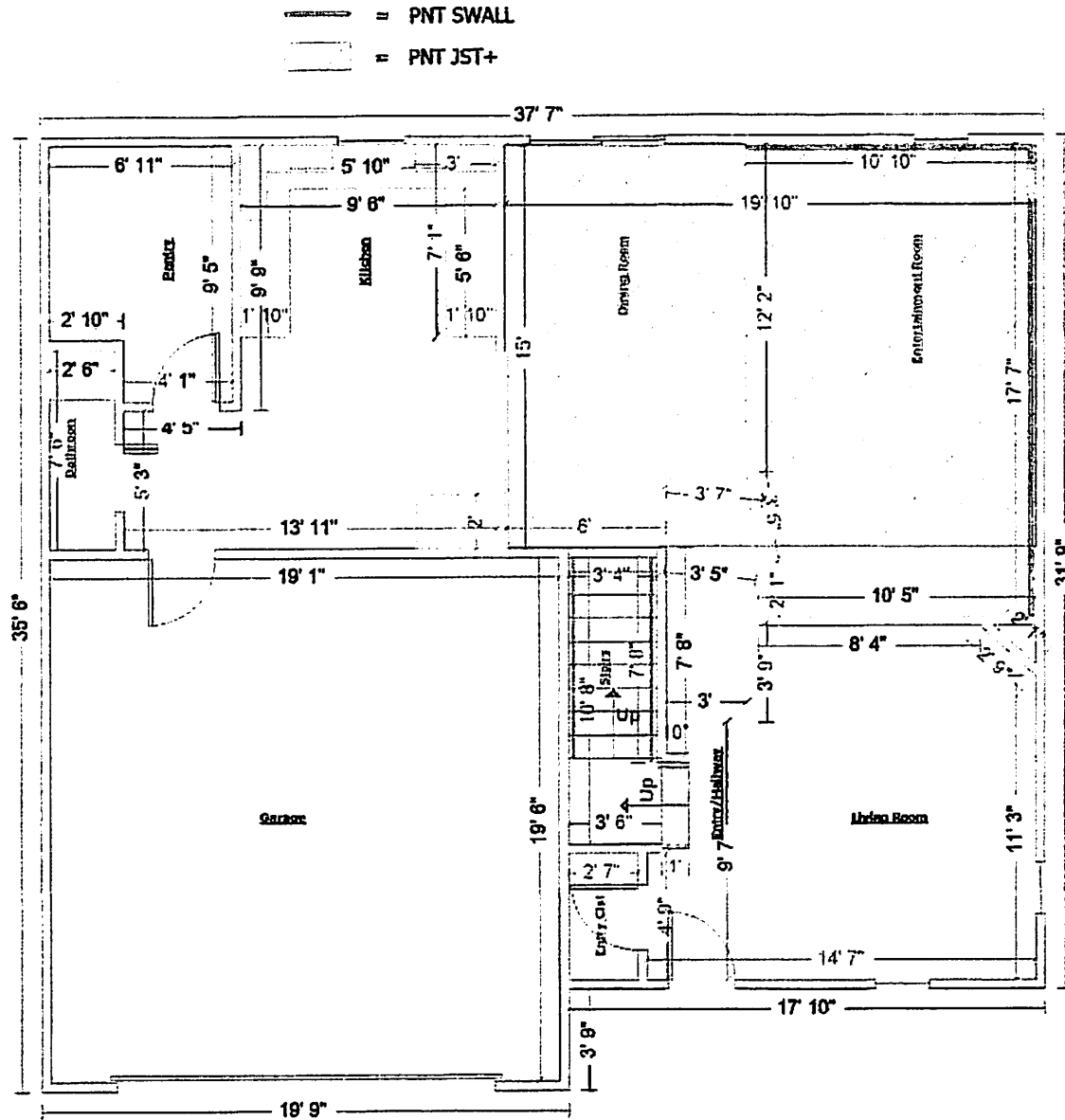
CONSTRUCTION

Recap by Category

O&P Items		Total	%	
CLEANING		4,580.10	7.77%	
GENERAL DEMOLITION		5,860.22	9.95%	
DOORS		157.40	0.27%	
DRYWALL		1,391.65	2.36%	
ELECTRICAL		208.86	0.35%	
MISC. EQUIPMENT - COMMERCIAL		9.15	0.02%	
HEAVY EQUIPMENT		672.00	1.14%	
FLOOR COVERING - CARPET		5,164.44	8.76%	
FLOOR COVERING - VINYL		550.00	0.93%	
FLOOR COVERING - WOOD		50.00	0.08%	
PERMITS AND FEES		375.00	0.64%	
FENCING		414.32	0.70%	
FINISH CARPENTRY / TRIMWORK		425.65	0.72%	
FRAMING & ROUGH CARPENTRY		905.27	1.54%	
HAZARDOUS MATERIAL REMEDIATION		134.42	0.23%	
HEAT, VENT & AIR CONDITIONING		514.35	0.87%	
INSULATION		2,529.86	4.29%	
LABOR ONLY		1,601.37	2.72%	
LIGHT FIXTURES		115.00	0.20%	
MOISTURE PROTECTION		9.30	0.02%	
PLUMBING		549.10	0.93%	
PAINTING		11,736.20	19.92%	
SCAFFOLDING		1,555.60	2.64%	
SIDING		2,428.21	4.12%	
SOFFIT, FASCIA, & GUTTER		496.95	0.84%	
TEMPORARY REPAIRS		290.13	0.49%	
WATER EXTRACTION & REMEDIATION		925.39	1.57%	
EXTERIOR STRUCTURES		1,235.57	2.10%	
O&P Items Subtotal		44,885.51	76.17%	
Overhead	@	10.0%	4,488.73	7.62%
Profit	@	10.0%	4,488.73	7.62%
Sales Tax	@	9.400%	5,063.21	8.59%
Total		58,926.18	100.00%	

12/3/2012
Crawl



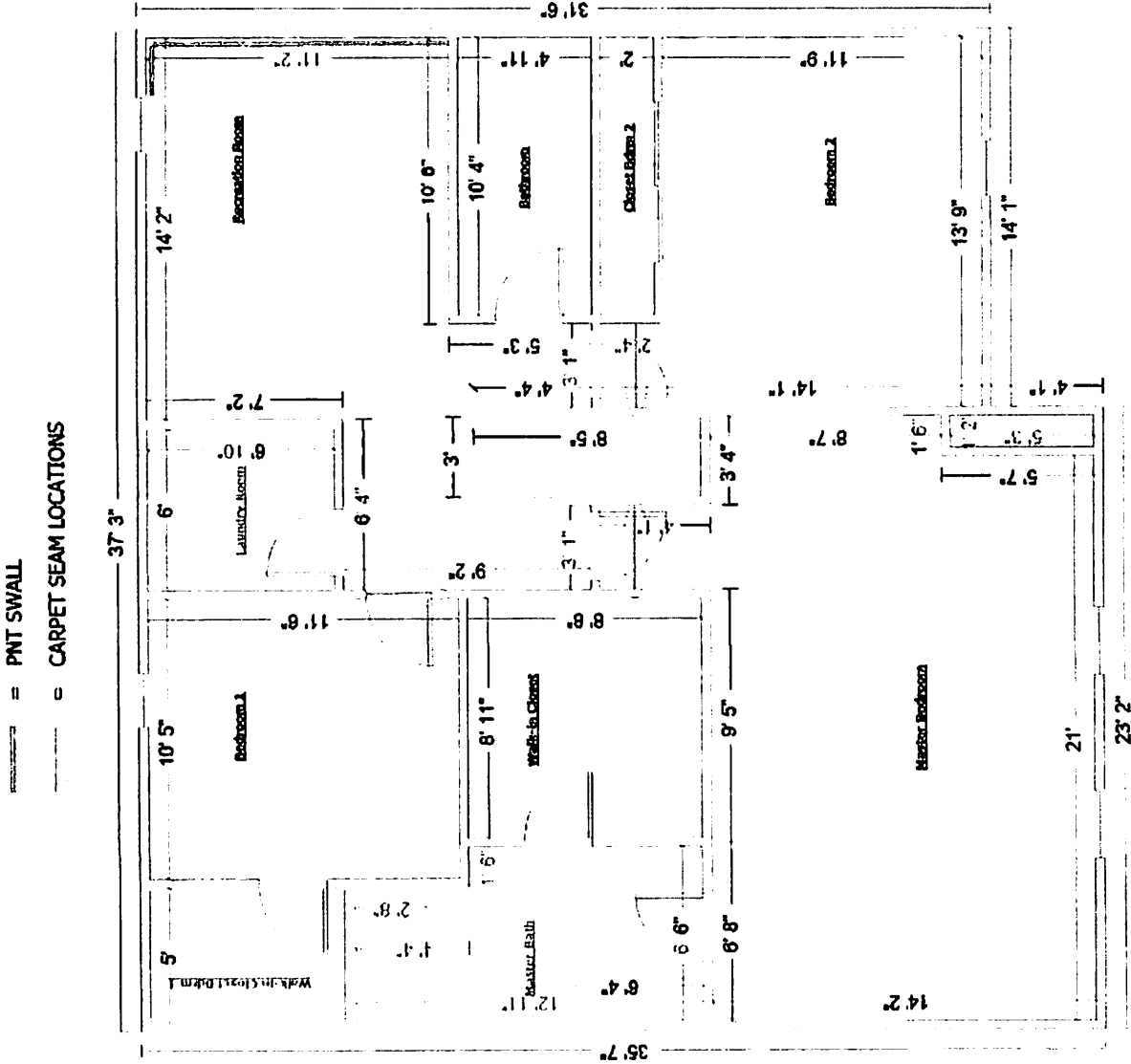


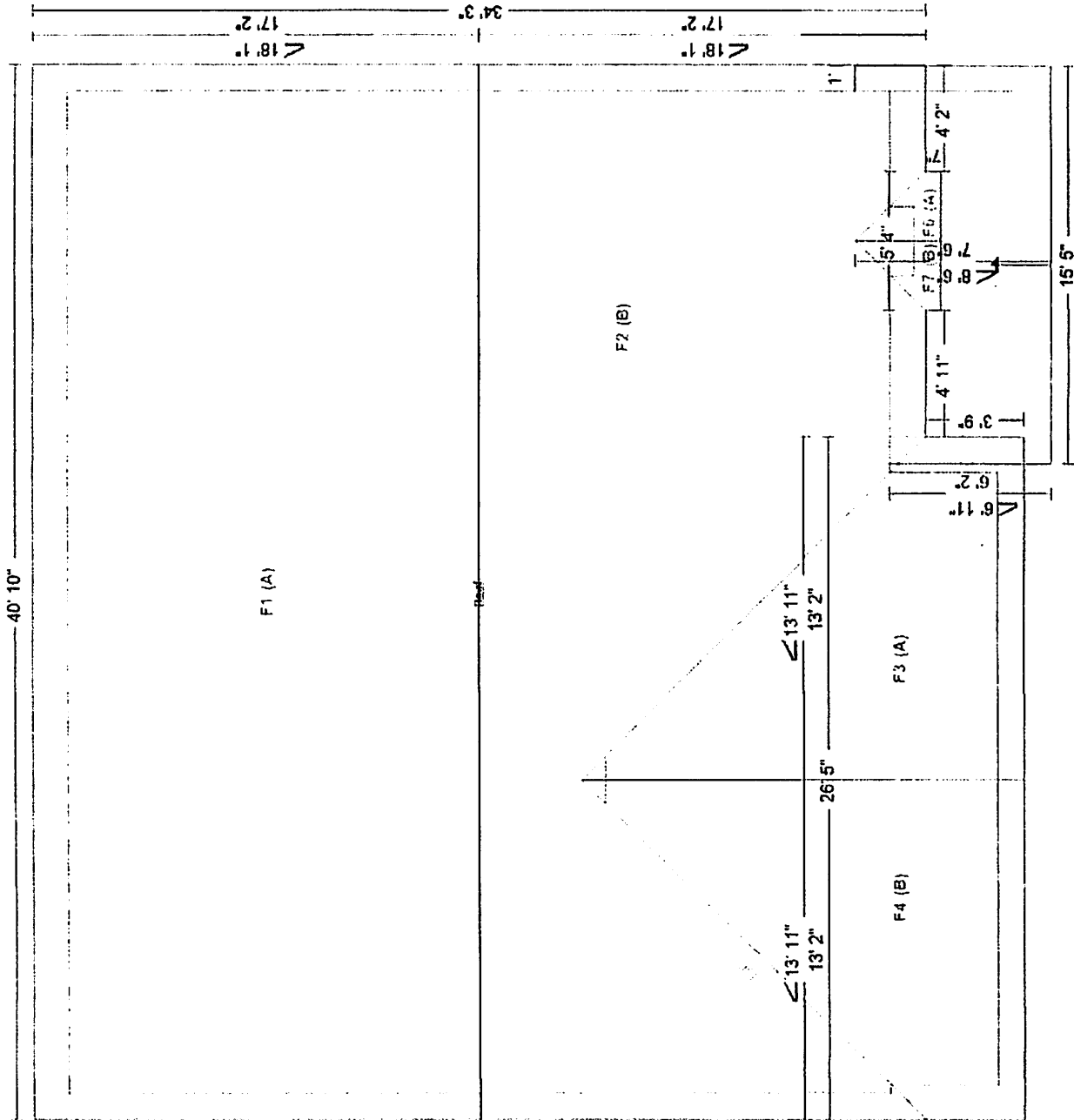
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Upper Level

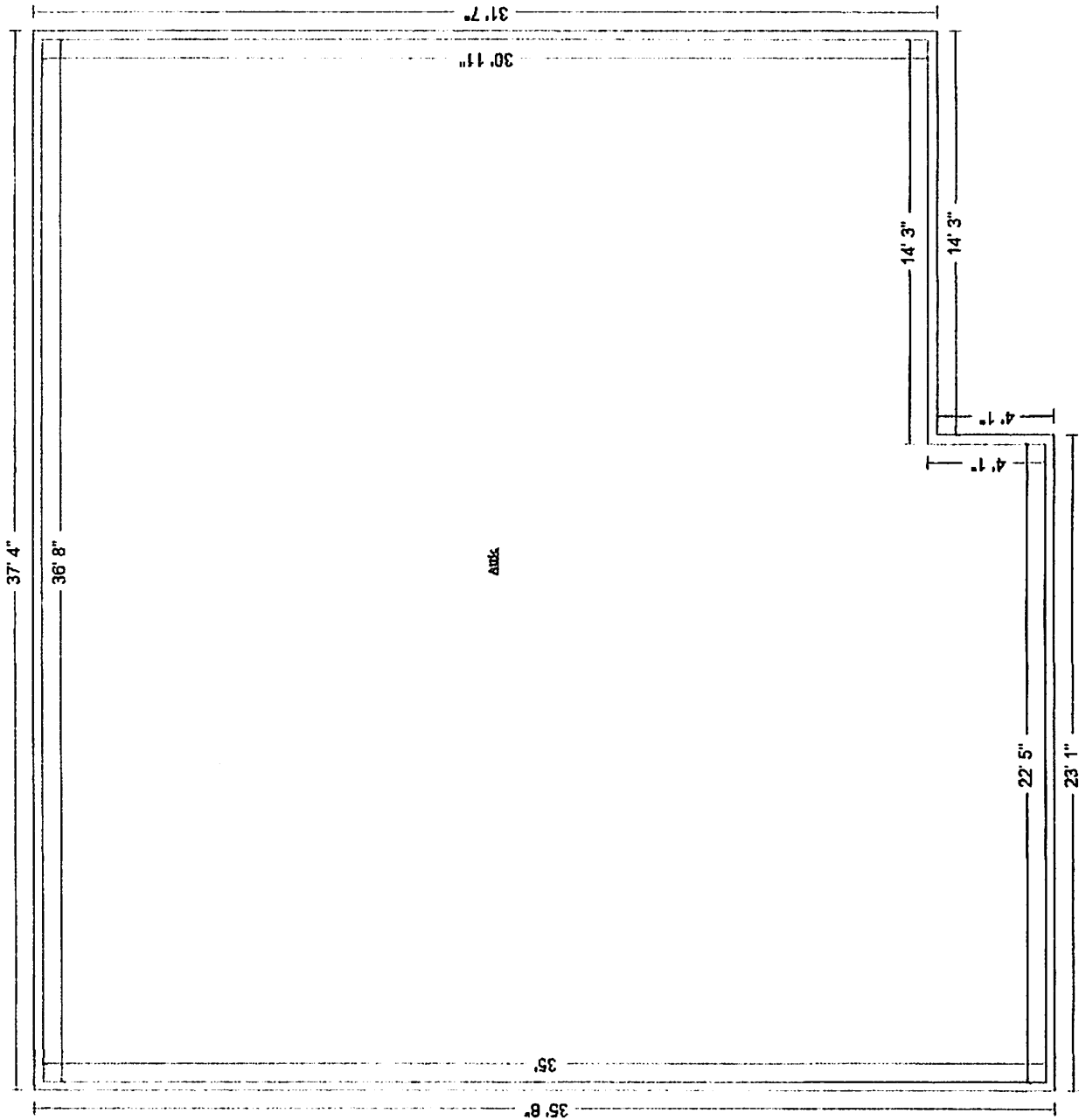




31.7'

Attic

12/3/2012



31' 7"

30' 11"

Attic

35' 8"

14' 3"

14' 3"

4' 1"

4' 1"

22' 5"

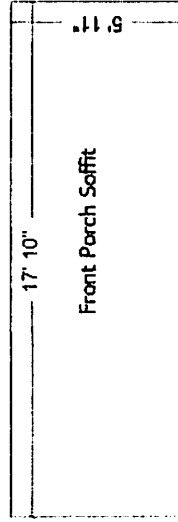
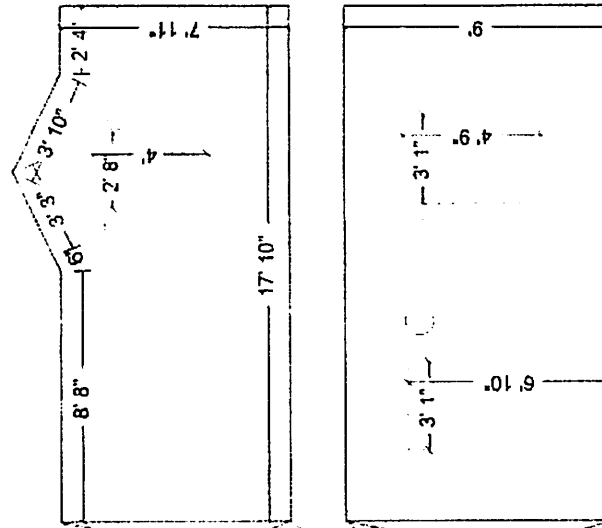
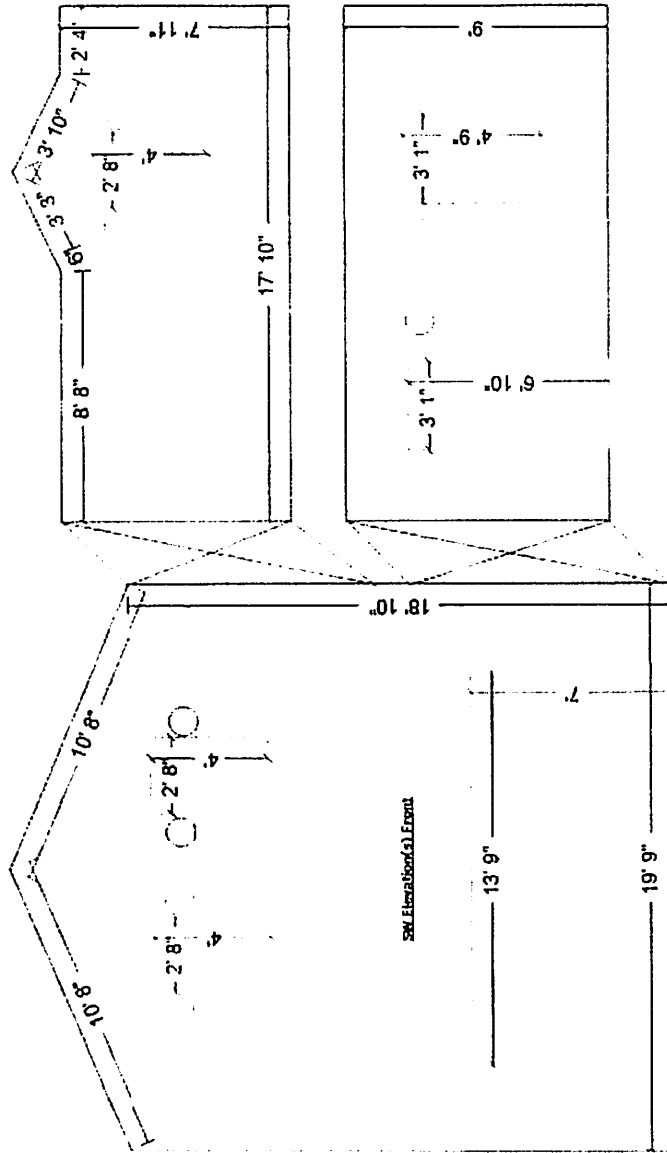
23' 1"

Attic

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SW Elevation (Front)



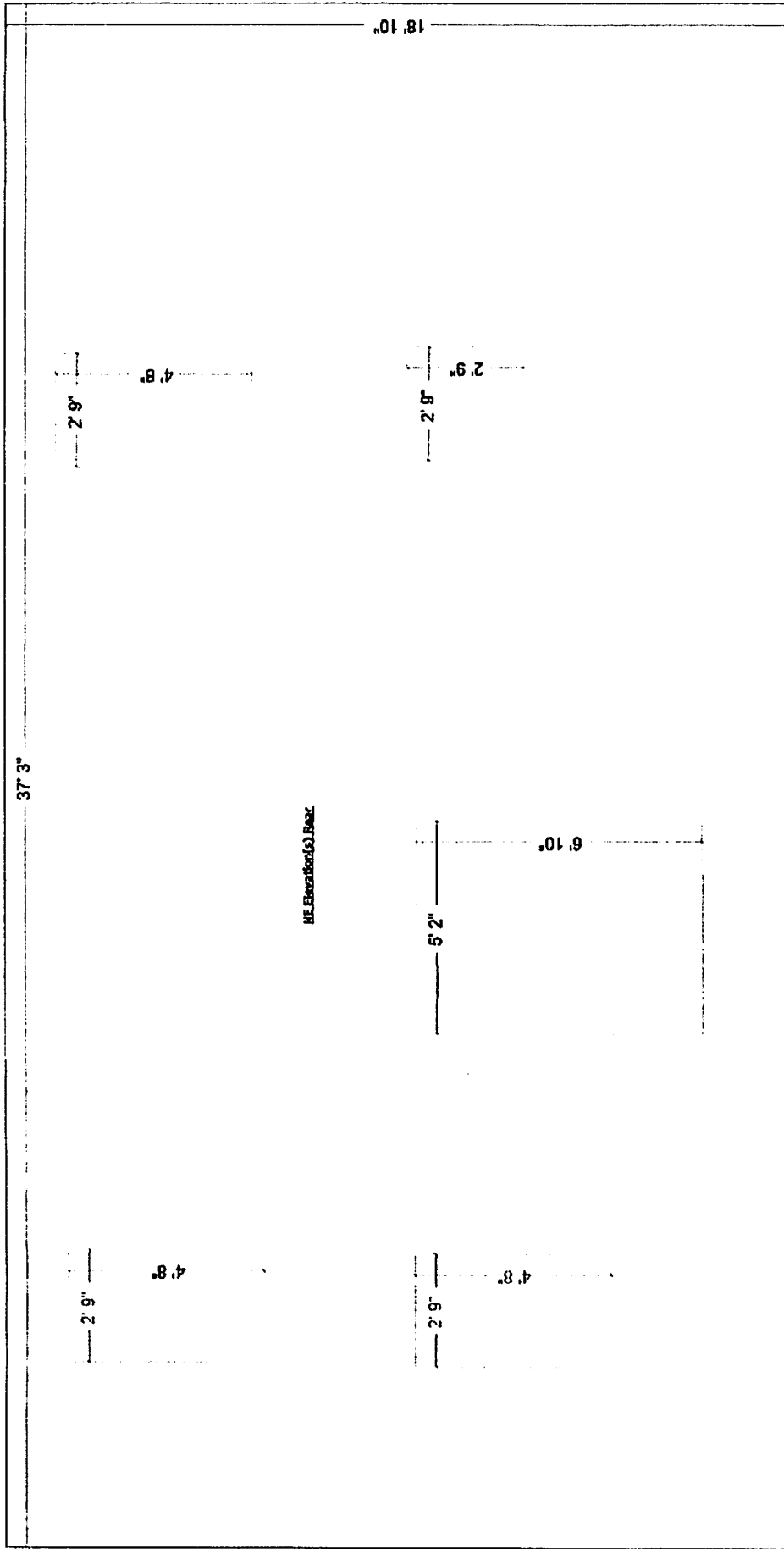
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SW Elevation (Front)

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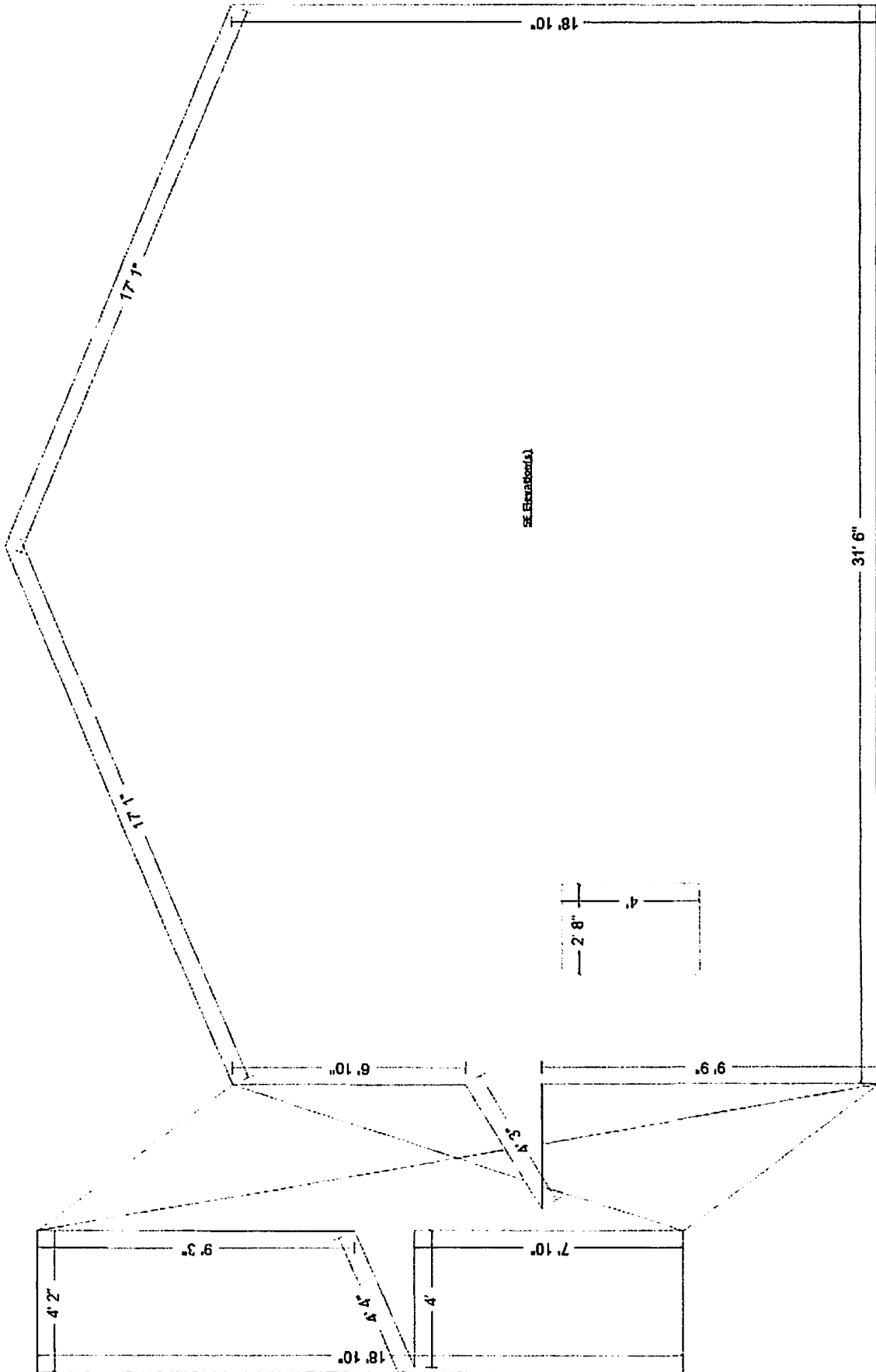
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NE Elevation (Rear)

SE Elevation (Side)



SE Elevation (Side)

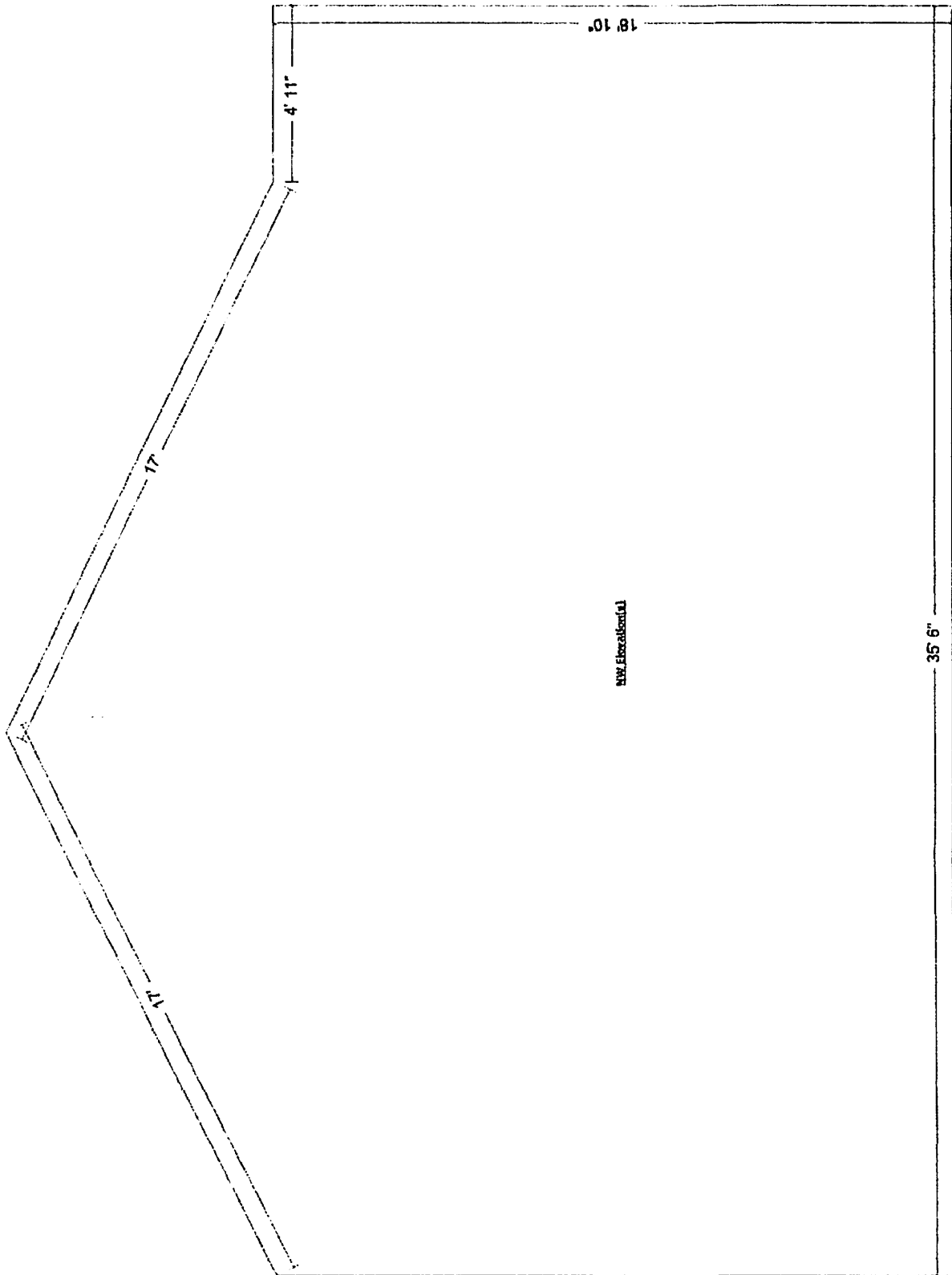
2012-10-09-0836REV

12/3/2012

Page: 46

CMIC_000345

NW Elevation (Side)



NW Elevation (Side)

CMIC_000346

NW Elevation (Side)

Exhibit No. 8

From: Reed, Robin
Sent: Thursday, February 21, 2013 8:42 AM
To: 'Kyle Grinnell'
Subject: RE: kroneman air testing

Good Morning,

I have reviewed this billing with Greg Stariha. We did not agree to this testing prior to it being done. It is not usually and customary for these fees to be incurred. At this time, we are unable to issue payment for this testing.

Thank you,

Robin Reed
Claims Representative
Country Financial
253-661-9956
fax 253-661-9918

From: Kyle Grinnell [mailto:kyle@allwestadjusters.com]
Sent: Wednesday, February 13, 2013 6:24 PM
To: Reed, Robin
Cc: Kyle Grinnell
Subject: kroneman

Robin,

Let's see how this works for you.

Kyle

Exhibit No. 9

Invoice

Ref To.

-20-

American Association

DATE	INVOICE NO	TERMS
02/01/11	0000000001	Net 30

Description	Amount
Interest on Receipt	380.00
WASH. DIST. CHAS. BARTLETT (1/11/34)	240.00
WASH. DIST. CHAS. BARTLETT (1/11/34)	177.00

Total	\$797.00
--------------	-----------------

1 Capture

Date Taken: 2/13/2013

Taken By: Bernie Williams

Exhibit No. 10

Allwest Adjusters, Inc.
4108 57th St Ct East
Tacoma, WA 98443
253.896.3700, fax 253.896.3702
www.AllwestAdjusters.com
Kyle@AllwestAdjusters.com

June 27th, 2013

Robin Reed
Country Mutual Insurance Company
Hand delivered to FW Claims office

RE:

Insured:	Karen & Keith Kroneman
Policy #:	A46K4374742
Claim #:	185-0027057
Date of Loss:	September 29 th , 2012
Peril:	Fire
Loss address:	9507 149 th St East, Puyallup, WA 98375

Dear Robin,

Enclosed you will find a short (four item) list of electronics that failed because of the loss. Those items total \$951.74.

Regarding ALE coverage, the insureds have also provided some additional receipts for out of pocket costs and proof of increased utilities expenditures. This portion of the claim is \$457.72.

There are two submissions for replacements. Their DISH Network dvr replacement had \$15.00 shipping (plus tax), and they replaced their Dyson Vacuum.

Please pay them directly without naming Allwest Adjusters, Inc.

Kindest Regards,



Kyle T. Grinnell, SR
President

RECEIVED
JUN 28 2013
Seattle Claims

CMIC_000661

KRONEMAN SUPPLEMENTAL

Additional claim for destroyed items:

Item	RC
Kitchenaid Mixer K45SSWH	\$349.99
X-Box 360	\$239.99
Wii	\$189.99
Coleman cot	<u>\$89.99</u>
sub-TOTAL	\$869.96
tax 9.4%	<u>\$81.78</u>
Total	\$951.74

Replacements:

Dyson cleaner	\$ 452.74 ✓
shipping for dvr with tax (Dish)	<u>\$ 16.41</u> ✓
total	\$ 469.15 ✓

ALE:

receipts en mass	\$ 138.35 ✓
water increase	\$ 72.91 ✓
power increase	<u>\$ 246.46</u> ✓
totals	\$ 457.72

RECEIVED
JUN 28 2013
Seattle Claims

Exhibit 11

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR KING COUNTY

KAREN AND KEITH KRONEMAN,
husband and wife, and the marital
community thereof,

Plaintiffs,

v.

COUNTRY MUTUAL INSURANCE
COMPANY, an insurance company,

Defendant.

NO.

COMPLAINT

The plaintiffs, Karen and Keith Kroneman (the "Kronemans"), by and through their attorney of record, Michael T. Watkins, allege as follows:

I. PARTIES

1.1 At all times material hereto, plaintiffs, the Kronemans, owned a home located at 9507 149th St. E., Puyallup, Washington.

1.2 Country Mutual Insurance Company, ("Country Mutual"), upon information and belief, is an insurance company properly licensed and transacting business in King County, State

COMPLAINT — I

LAW OFFICES OF
MICHAEL T. WATKINS
2825 EASTLAKE AVENUE E
SUITE 115
SEATTLE, WA 98102
206/400-6640; FAX: 206/971-5080

1 of Washington. At all times material hereto, Country Mutual insured the Kronemans' home
2 pursuant to a homeowner's policy of insurance.

3 II. JURISDICTION

4 2.1 This court has jurisdiction over the parties in this action.

5 2.2 At all times material hereto, defendant Country Mutual transacted business in King
6 County, State of Washington; therefore venue is appropriate in King County, state of
7 Washington.
8

9 III. FACTS

10 3.1 Country Mutual issued a homeowners' policy of insurance to the Kronemans that
11 was in force and effect on September 29, 2012. This policy of insurance included Property
12 Coverage that provided, *inter alia*, insurance coverage for damage to the Kronemans' residence
13 caused by fire.

14 3.2 On or about September 29, 2013 an accidental fire caused property damage to the
15 Kronemans' residence.

16 3.3 After the property loss the Kronemans properly submitted a claim to their insurer,
17 defendant Country Mutual, pursuant to their homeowners' policy of insurance to repair and/or
18 rebuild their dwelling to its pre-loss condition with like, kind, and quality materials and
19 professional workmanship.

20 3.4 During the adjustment of the Kronemans' insurance claim, defendant Country
21 Mutual failed to, *inter alia*, conduct a reasonable investigation and timely and fully pay all that
22 was owed under the insurance contract, thereby compelling the Kronemans to retain a public
23 adjuster and initiate this litigation to recover all amounts owed under the insurance policy.
24

IV. BREACH OF CONTRACT

4.1 Plaintiffs reallege paragraphs 1.1 through 3.4 as if fully set forth herein.

4.2 Defendant Country Mutual had a contractual duty to its insured, the Kronemans, to conduct a reasonable investigation and timely and fully pay all that was owed under the insurance contract, in accordance with its contract of insurance with the plaintiffs.

4.3 Defendant Country Mutual breached its contract of insurance with the Kronemans by failing to conduct a reasonable investigation and timely and fully pay all that was owed under the insurance contract.

V. WASHINGTON ADMINISTRATIVE CODE VIOLATIONS

5.1 Plaintiffs reallege paragraphs 1.1 through 4.3 as if fully set forth herein.

5.2 During the adjustment of the Kronemans' property damage claim, Country Mutual's acts and omissions violated one or more insurance claims regulatory provisions of the Washington Administrative Code 284-30-300 *et seq.*

VI. BAD FAITH

6.1 Plaintiffs reallege paragraphs 1.1 through 5.2 as is fully set forth herein.

6.2 During the adjustment of the Kronemans' property damage claim, Country Mutual, *inter alia*, violated one or more insurance claims regulatory provisions of the Washington Administrative Code 284-30-300 *et seq.* and failed to give equal consideration to the interests of its insureds as it did its own. These acts and omissions of Country Mutual, as alleged herein, constituted insurance bad faith in violation of Washington statutory and decisional law.

VII. VIOLATION OF THE CONSUMER PROTECTION ACT

1 7.1 Plaintiffs reallege paragraphs 1.1 through 6.2 as if fully set forth herein.

2 7.2 Country Mutual's acts and omissions, as alleged above, constituted violations of
3 the Washington Consumer Protection Act, RCW 19.86 *et seq.*

4 **VIII. DAMAGES**

5 8.1 As a direct and proximate result of the foregoing, the Kronemans have suffered,
6 and continue to suffer, compensatory, special and general damages in an amount to be proven at
7 trial.

8 WHEREFORE, plaintiffs, the Kronemans, pray for the following relief:

9 A. Judgment against defendant Country Mutual for breach of contract;

10 B. Judgment against defendant Country Mutual for violations of the Washington
11 Administrative Code;

12 C. Judgment against defendant Country Mutual for bad faith;

13 D. Judgment against defendant Country Mutual for violations of the Washington
14 Consumer Protection Act, RCW 19.86 *et seq.*;

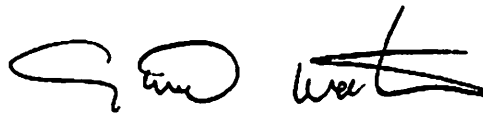
15 E. Judgment against defendant Country Mutual in an amount to fairly compensate
16 plaintiffs for all compensatory, special, general and punitive damages proximately caused by
17 defendant Country Mutual's acts and omissions, including treble damages, breach of contract,
18 violations of the Washington Administrative Code, insurance bad faith and violations of the
19 Washington Consumer Protection Act;

1 F. Judgment against defendant Country Mutual for attorney fees and costs as allowed
2 by all applicable statutes and decisional law, including, but not limited to, RCW 19.86, *et. seq.*,
3 *Olympic Steamship v. Centennial Ins.*, 117 Wn.2d 37, P.2d 673 (1991); and

4 G. For such other relief as the Court deems just and equitable.
5

6
7 DATED this 27th day of September, 2013.
8

9 LAW OFFICES OF MICHAEL T. WATKINS
10

11 
12

13 Michael T. Watkins, WSBA #13677
14 Attorney for Plaintiffs
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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR KING COUNTY

KAREN AND KEITH KRONEMAN,
husband and wife, and the marital
community thereof,

Plaintiffs,

v.

COUNTRY MUTUAL INSURANCE
COMPANY, an insurance company,

Defendant.

NO.

SUMMONS

TO THE DEFENDANT: COUNTRY MUTUAL INSURANCE COMPANY;

A lawsuit has been started against you in the above-entitled court by the plaintiffs. Plaintiffs' claim is stated in the written Complaint, a copy of which is served upon you with this Summons.

In order to defend against this lawsuit, you must respond to the Complaint by stating your defense in writing, and serving a copy upon the person signing this Summons within 40 days after the service of this Summons, excluding the day of service, or a default judgment may be entered against you without notice. A default judgment is one where the plaintiff is entitled to what is asked for because you have not responded. If you serve a notice of appearance on the undersigned person, you are entitled to notice before a default judgment may be entered.

SUMMONS — 1

LAW OFFICES OF
MICHAEL T. WATKINS
2825 EASTLAKE AVENUE E
SUITE 115
SEATTLE, WA 98102
206/400-6640; FAX: 206/971-5080

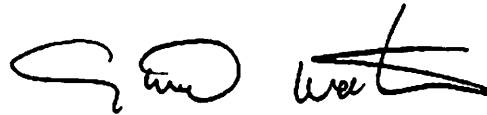
1 You may demand that the plaintiffs' file this lawsuit with the court. If you do so, the
2 demand must be in writing and must be served upon the person signing this Summons. Within
3 14 days after you serve your demand, the plaintiff must file this lawsuit with the court, or the
4 service on you of this Summons and Complaint will be void.

5 If you wish to seek the advice of a lawyer in this matter, you should do so promptly so that
6 your written response, if any, may be served on time.
7

8 This Summons is issued pursuant to Rule 4 of the Civil Rules for Superior Court of the
9 State of Washington.

10 DATED this 27th day of September, 2013.
11

12 LAW OFFICES OF MICHAEL T. WATKINS

13 
14

15 Michael T. Watkins, WSBA #13677
16 Attorney for Plaintiffs
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Exhibit 12

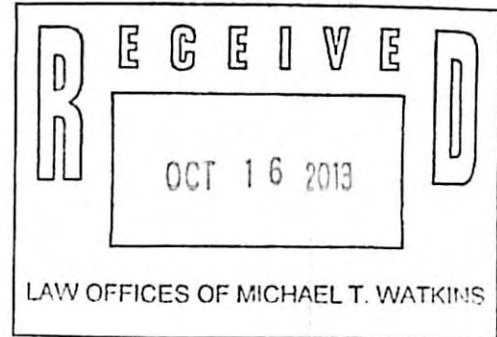


Field Claims Center
P O Box 14151
Salem, OR 97309-5069
Fax: (866) 255-7961

October 15, 2013

MTW
Michael T Watkins
2825 Eastlake Ave E #115
Seattle, WA 98102

Re: Claim #: 185-0027057
Policy #: AK4374742
Insured: Kroneman Karen A & Keith W
Date of Loss: 9/29/2012



Dear MTW:

Please find the enclosed certified copy of the policy. This certified copy was also issued October 24, 2012 to Mr. and Mrs. Kroneman and Kyle Grinnell at the request of Mr. Grinnell from Allwest Adjusters.

Please be informed that per your policy conditions you have one year from the date of loss to pursue your claim. As that one year time limitation has past, COUNTRY Financial has closed its claim. Please see below some important time limitations and notice provisions contained within your policy.

**Conditions– SECTIONS 2 through 6
(Includes Limitations)**

B. Duties After Loss

In case of a loss, "we" have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to "us". These duties must be performed either by "you", an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to "us" or "our" agent;
8. As often as "we" reasonably require:
 - a. Show the damaged property;

- 10. Notwithstanding any other provisions in SECTIONS 2 through 6, all claims under this policy must be brought within one year of the date of "occurrence".**

G. Suit Against Us

No action can be brought against "us" unless there has been full compliance with all of the terms under **SECTIONS 2 through 6** of this policy and the action is started within one year after the date of "occurrence".

This enumeration of defenses and exclusions under the policy is not meant to be, nor should it be construed as, a waiver of any other terms, provisions, conditions, definitions or exclusions which may now or hereafter apply to the insurance afforded under this policy.

Please contact me if you have any further question.

Sincerely,

COUNTRY Mutual Insurance Company®, Bloomington, IL

Robin Reed
Claims Representative
(253) 661-9956
Fax: (866) 255-7961
robin.reed@countryfinancial.com

It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.

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7
8 UNITED STATES DISTRICT COURT
9 WESTERN DISTRICT OF WASHINGTON, AT SEATTLE

10 KAREN AND KEITH KRONEMAN, husband
11 and wife, and the marital community thereof,

12 Plaintiffs,

13 v.

14 COUNTRY MUTUAL INSURANCE
15 COMPANY, a foreign
16 corporation,

17 Defendant.

NO. CV 14-01223

DECLARATION OF GARY WILLIAMS

18 I, Gary Williams, declare under penalty of perjury as follows:

19 1. I am over 18 years of age and otherwise competent to make this Declaration, which
20 is based on my personal knowledge.

21 2. I am an attorney licensed in the state of Washington. I was retained as an expert by
22 Plaintiffs in the above-captioned matter to form and express opinions regarding Defendant, Country
23 Mutual's handling of the Kroneman claim. All opinions herein are based on and expressed on a
24 more probable than not basis.

25
26 DECLARATION OF GARY WILLIAMS-1

WILLIAMS LAW OFFICE

252 Blueberry Hill Drive

Quilcene, WA 98376

360.765.0729

27 gw@areyoucovered.com
28

1 3. Attached to this Declaration is a true and correct copy of the expert report that I
2 authored for this case. My report accurately sets forth my opinions, conclusions, my qualifications,
3 the materials and data I reviewed in this case, and contains a true and correct copy of my then
4 current curriculum vitae. My report accurately describes the Country Mutual claims file, which was
5 produced in discovery. I hereby incorporate here by this reference all facts, opinions, and
6 conclusions expressed in my report.

7 4. The fire melted vinyl siding on the Kroneman home, but only on two sides. The claims
8 file documents that Country Mutual only paid for the rear and right sides of the house to be resided,
9 despite the fact that the new vinyl siding did not match the old. This is not an uncommon issue. I
10 have personally been involved in appraisals where matching issues were at the heart of the dispute,
11 usually resolved by siding the entire house, not just the walls which were melted. The same goes
12 for replacing an entire slope of a damaged roof, or replacing an entire roof, or replacing several
13 rooms of carpet when only one is damaged, or painting a whole house when painting only the
14 damaged portion will not match. Vinyl siding cannot be painted so it often presents this issue. I
15 obtained one summary judgment ruling where an insurer refused to side all four walls until it lost
16 this precise issue.

17 5. I have personally seen matching issues arise in property insurance cases many times
18 over the years. Common matching issues involve vinyl siding, flooring, carpets, paint, cabinets,
19 windows and doors, hardware and lighting. Indeed, matching issues are handled by adjusters and
20 appraisers in many, perhaps most, substantial fire claims. Insurance companies complain, but
21 usually understand that they have a duty to pay for repairs to bring the house back to its pre-fire
22 condition. This includes, among other things, having four walls which are the same color. An
23 insured's home would diminish in value if its siding was of two different colors
24
25

26 **DECLARATION OF GARY WILLIAMS-2**

WILLIAMS LAW OFFICE
252 Blueberry Hill Drive
Quilcene, WA 98376
360.765.0729
gw@areyoucovered.com

1 6. Country Mutual refused to participate in appraisal. Country Mutual leaned heavily on
2 the fact that the claim is in litigation, but failed to mention that no stay of appraisal was either
3 sought or entered.

4 7. Country Mutual could have obtained a stay of the litigation by agreement or motion,
5 not by simply ignoring the insured's request for appraisal. Ignoring an appraisal demand for
6 months waives any right to object to appraisal. The duty of good faith implied in every insurance
7 policy requires the insurer to communicate promptly and meaningfully with the insured.

8 8. I have worked as an insurance adjuster, appraiser, or insurance lawyer since 1968. I
9 have been involved in many appraisals in Washington State, either as adjuster, counsel for a party
10 or as one of the appraisers. In many of those appraisals (probably around 50%) there has been
11 ongoing, parallel litigation. Often, the appraisal demand will come after litigation is initiated. There
12 is no rule which disfavors appraisal on that basis. I have never before seen an insurer simply ignore
13 an appraisal demand, as Country Mutual did here. I have never seen an appraisal stopped solely on
14 the basis that litigation was pending.


15 9. Property insurance policies have included appraisal clauses since at least the middle
16 of the 19th century. There is no general rule or local custom which prevents parallel litigation in
17 appraisal, or prevents parallel appraisal in litigation. Appraisal removes difficult damages issues
18 from litigation, and thus helps resolve lawsuits. It can also be very helpful to the appraisal process
19 to have parallel litigation, because the parties can, and often do, ask the court to resolve appraisal-
20 related legal issues. Trial court judges can and do set and enforce hearing dates, remove unqualified
21 appraisers, or rule on coverage issues which impact the amount of loss being appraised.

22 I declare under penalty of perjury under the laws of the State of Washington that the
23 foregoing is true and correct:

24
25
26 **DECLARATION OF GARY WILLIAMS-3**

WILLIAMS LAW OFFICE
252 Blueberry Hill Drive
Quilcene, WA 98376
360.765.0729
gw@areyoucovered.com

Signed at Quilcene, Jefferson County, Washington, this 27th day of May, 2015.


GARY WILLIAMS WSBA # 9580
Attorney for Plaintiffs

DECLARATION OF GARY WILLIAMS-4

WILLIAMS LAW OFFICE
252 Blueberry Hill Drive
Quilcene, WA 98376
360.765.0729
gw@areyoucovered.com

GARY WILLIAMS

252 Blueberry Hill Drive - Quilcene, Washington 98376
(360)765-0729 - gw@areyoucovered.com

KRONEMAN v. COUNTRY MUTUAL INSURANCE COMPANY
Western District of Washington, No. 2:14-cv-01223 - TSZ

I. Qualifications

I have qualified as a claim handling expert and have testified in both state and Federal courts in Washington. My qualifications include:

1. Claims adjuster/supervisor from 1968 through 1975, for Safeco, American States. Independent insurance adjuster from 1975 to 1981.
2. Insurance law practice since 1979, both as defense and policyholder's counsel.
3. Designed and taught a program in insurance adjusting at Pierce College.
4. Lecture at continuing legal education seminars on insurance law, claim handling and litigation.
5. Published both locally and nationally on claim handling, appraisal, and related insurance claim subjects.

Please see Exhibit A, my attached curriculum vitae for more detail.

II. Assignment

Counsel asked me to review the claim file and related documents and provide any opinions on whether Country Mutual Insurance Company (hereinafter "Country Mutual") adjusted this first party property claim within the standards and practices for claim handling in Washington.

March 2, 2015
Kroneman v. Country Mutual Insurance Company
Report of Gary Williams-1

III. Materials Reviewed and Data Considered

I considered the insurance company's claim files, the insurance policy, documents obtained in discovery, and the Washington Unfair Claims Settlement Practices Regulations. I also relied upon my forty six years of experience as an insurance adjuster, teacher and lawyer. I am very familiar with Washington's standards of care and practice in the adjustment of insurance claims.

My assignment here is not to form or apply legal conclusions to the facts of the adjustment, but to discuss standards of care and conduct in the insurance claim industry, and to consider whether those standards were met by Country Mutual in this claim.

IV. Standards of Good Faith Claim Handling¹

1. Washington has clear standards of good faith claim handling. Claim professionals know these standards and know they are required to meet them. Claim handling standards include those found in the common law, those found in the form of statutes and administrative regulations, and standards described in case law. The claims handling regulations, for example, are clear, mandatory guidelines for insurers to follow, particularly in first party claims. These principles are neither complex nor highly technical.

2. The essence of good faith claim service is to remember always that the claims professional's job is to help, not hurt the damaged insured. A first party claim should not be an adversarial proceeding. The money which pays for an insurer's investigation and adjustment comes from premium dollars. Premium dollars come from policyholders, so the insurer's investigation and adjustment should benefit the policyholder who paid for it.

3. Equal consideration is a key standard. Insurers have fiduciary or quasi-fiduciary duties to their customers, which has motivated courts to find standards within fiduciary models. One such standard is that the insurer must give at least equal consideration in all matters to the policyholder. This standard, more than any

¹This section has appeared in prior reports on similar subjects.

other, defines many aspects of the insurer-insured relationship.

4. The standards of care and practice in claim handling don't vary much across the country. Industry standards are nationwide and apply regardless of fair claims acts or regulations, which do vary from state to state. Our Unfair Claims Settlement Practices Regulations (usually called "the WACs") are a set of minimum standards promulgated by our Insurance Commissioner. They are taken from a national set of standards developed by the National Association of Insurance Commissioners. The WACs describe many of the industry standards for good faith claim handling.

5. Some of these principles are not generally known or appreciated by the general public, who often believe an adjuster's job is to pay as little as possible. To the contrary, an adjuster's job is to pay what is owed according to the policy, no more and no less, and to do it as soon as possible. Insurance claim adjusting is a service profession.

V. Violations of Standards of Good Faith Claim Handling

1. The fire melted vinyl siding on the home, on two sides. The claims file documents that the insurer only paid for the rear and right sides of the house to be resided, despite the fact that the new vinyl siding did not match the old. This is not an uncommon issue. It comes up often and is resolved by siding the entire house, not just the walls which were melted. In one local case, an insurer refused to side all four walls until it lost this issue on summary judgment.²

2. I have personally seen matching issues arise in property insurance cases many times over the years. Insurance companies complain, but usually understand that they have a duty to pay for repairs to bring the house back to its prefire condition. This includes, among other things, having four walls which are the same color.

3. WAC 284-30-330(4) prohibits insurers from refusing to pay claims without conducting a reasonable investigation. It is an outgrowth of the principle that the insurer should carefully investigate the claim, in a balanced, objective

²*Bromley v. Foremost Insurance Co.*, Jefferson County Superior Court, # 08 2 00258 5.

fashion. The insurer must treat the insured's interest at least equal to its own.

4. WAC 284-30-330(2) forbids "[F]ailing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies." See, also, WAC 284-30-360(3), which requires an answer within ten working days to a pertinent communication. Despite this clear directive, Country Mutual ignored its insured's appraisal demand, even though policy required Country Mutual to appoint an appraiser and notify Kroneman within 20 days of notice.

5. WAC 284-30-360(3) grew from the universal need for prompt and meaningful communication between insurer and insured. The absence of meaningful communications is never a good thing in the context of an insurance claim.

6. WAC 284-30-330(7) prohibits insurers from compelling a first party claimant to initiate or submit to litigation, arbitration, or appraisal to recover amounts due under an insurance policy by offering substantially less than the amounts ultimately recovered in such actions or proceedings. This regulation is based on the principle that insurers should avoid delay, and must investigate and pay claims as soon as reasonably possible.

7. Country Mutual refused to participate in appraisal. On July 21, 2014, Kroneman demanded appraisal in writing. Country Mutual then failed to respond to the appraisal demand. Country Mutual's failure to respond to an insured's appraisal demand was in violation of WAC 284-30-360(3).

8. Having no response from Country Mutual, on January 16, 2015, Kroneman filed a complaint with the Washington Insurance Commissioner. On February 10, 2015, Country Mutual's lawyer wrote to the Commissioner explaining that Country Mutual refused to participate in appraisal, and citing a very old case in support of its position. Country Mutual leaned heavily on the fact that the claim is in litigation, but failed to mention that no stay of appraisal was entered. If Country Mutual wanted to avoid appraisal, it should have asked the Court for a stay. Simply ignoring an appraisal demand constitutes a waiver to object to appraisal.

9. The following is the appraisal clause in the policy. Note that it has no "litigation" exception. Upon receipt of the insured's appraisal demand, Country Mutual was required to choose its own appraiser within 20 days of the insured's demand. This was not done. Instead, Country Mutual ignored the appraisal demand

March 2, 2015

**Kroneman v. Country Mutual Insurance Company
Report of Gary Williams-4**

until the Insurance commissioner forced Country Mutual to respond.

E. Appraisal

If "you" and "we" fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire, who shall be competent in the trade or skill necessary to assess the loss. If they cannot agree upon an umpire within 15 days, "you" or "we" may request that the choice of an umpire be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement between them to "us", the amount agreed upon will set the amount of loss and be final. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will then set the amount of loss and be final.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

10. Appraisal is voluntary until one party demands it. Once that happens, appraisal becomes mandatory. Absent a stay, Country Mutual had a clear, *contractual duty* to participate in appraisal. When it chose to ignore the demand, it breached the policy contract.

11. The mere fact that the parties are in litigation does not mean that an appraisal should not proceed. I have personally participated in many litigated cases where appraisal and litigation went forward concurrently. In its response to the Insurance Commissioner, Country Mutual stated, "Washington case law supports that, in most circumstances, once suit is commenced, the appraisal clause of an insurance policy may not be invoked." That statement is simply not true, not as a matter of law nor of local practice.

12. WAC 284-30-340 requires insurers to keep claim files which contain all notes and work papers pertaining to the claim in enough detail that pertinent events and dates of the events can be reconstructed. Country Mutual failed to do that here,

March 2, 2015

**Kroneman v. Country Mutual Insurance Company
Report of Gary Williams-5**

because its claim file produced does not include anything which developed after the suit was filed. The claim file is thus incomplete.

13. WAC 284-30-330(5) addresses [F]ailing to affirm or deny coverage of claims within a reasonable time after fully completed proof of loss documentation has been submitted. This regulation reflects industry standards which address promptness and the need for claim resolution.

14. Insurers have a duty to conduct a reasonable claim investigation. Insurance company investigations are funded with premium money, so the investigation must be balanced and objective. See WAC 284-30-330(4), which forbids "[R]efusing to pay claims without conducting a reasonable investigation." Here, Country Mutual conducted a faulty investigation and concluded that there was no coverage to properly repair the Kroneman's home.

15. Country Mutual was slow in paying a number of items. These included utilities for the rental house, personal property actual cash value and replacement costs, bills from First Choice Restoration, and repairs to the house. Country Mutual refused to pay for a necessary hygienist.

16. Additional living expense (ALE) is an important coverage. It allows insureds to lead a relatively normal life while recovering from a loss. ALE covers the necessary additional expense for the insured family to maintain its lifestyle during restoration of their home and contents. The Kronemans had pets and children, both of which complicated their ALE claim. The Kronemans were living in a hotel because nobody could find a decent furnished rental house within the school district, which would accept pets. This is not an uncommon problem.

17. Country Mutual's solution to the problem was unique. After finding a house which Country Mutual favored, the company applied some pressure. On October 25, 2012, Country Mutual decided it would only approve the hotel expense for one more day if the insureds rejected Country Mutual's choice of a rental house.³

18. The Kronemans received an eviction notice in December, 2012, because Country Mutual was late paying the rent.

19. Good faith claim handling does not include threatening to cut off benefits if the insured does not do exactly what the insurance company desires.

³See claim Notes 000468-9.

Unfortunately, ALE coverage is often a pressure point – it gives the insurer a vehicle to coerce the insureds. Coercion is not good faith claims handling.

VI. CONCLUSION

This claim was, and continues to be poorly handled by Country Mutual. The problems described above were not complex, but showed that the insurer considered its interests above those of the insureds. Competent claims professionals would have resolved each of these issues in favor of the insureds.

A handwritten signature in dark ink, appearing to read "Gary Williams", with a long horizontal flourish extending to the right.

GARY WILLIAMS WSBA 9580

EXHIBIT A

March 2, 2015
Kroneman v. Country Mutual Insurance Company
Report of Gary Williams-8

GARY WILLIAMS
252 Blueberry Hill Drive, Quilcene, WA 98376
360-765-0729 - areyoucovered.com

Education

Juris Doctor, 1979, University of Puget Sound School of Law, Tacoma, WA
Bachelor of Arts, English, 1967, Central Washington University, Ellensburg, WA
Associate in Claims, 1975, Insurance Institute of America.

Law Practice

- Partner, Smith and Williams, Tacoma, Washington, 1979-1984. General trial practice, with focus on insurance defense.
- Partner, Williams and Cushing, Tacoma, Washington, 1984-1987. Small litigation firm with insurance defense focus. Represented many insurers and their policyholders in auto, miscellaneous liability, coverage matters.
- Williams Law Office, Port Angeles, Washington, 1987-2002. Plaintiff and defense insurance and bad faith practice. Expert witness, mediator, appraiser.
- Williams & Tassie, Port Angeles, Washington, 2002-2005. Plaintiff and defense insurance and bad faith practice. Expert witness, mediator, appraiser.
- Williams Law Office, Quilcene, Washington, 2005-present. Plaintiff insurance and bad faith practice. Expert witness, mediator, appraiser.

Admitted to practice in Washington State courts since 1979, Eastern and Western District Federal courts, Court of Appeals.

Expert witness, 1990-present. Serve as forensic expert in insurance coverage, bad faith, legal and insurance related professional liability cases.

Martindale-Hubbell rating Av.

Insurance Claims Professional

- Adjuster, then Adjuster in Charge, Safeco Insurance Company, 1968-1971. Multiple line insurance claims handling. Attended Safeco claim school.
- Adjuster, American States Insurance Company, 1971-1975. Handled fire claims, casualty claims.
- Independent Adjuster, Western States Adjustment Services, 1975-1981. Larger fire and property claims, casualty claims for various insurance

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companies and self-insured entities. Attended law school during this period of time.

Teaching

Pierce College, Tacoma, Washington, 1981-1983. Consulted to develop curriculum and taught courses in Insurance Claims Adjusting program.

University of Puget Sound School of Law, Tacoma, Washington. 1984-1987. Adjunct Instructor.

- Taught Legal Writing II, a second year appellate writing and oral argument course.
- Taught Comprehensive Trial Advocacy, a year long civil and criminal trial practice course.
- Coached National and Frederick Douglas moot court teams.

Peoples Law School, Washington State Trial Lawyers Association community outreach program. Taught insurance law, history of insurance.

Lecturer, Continuing legal education seminars. Trial practice, insurance law, claim practices and related topics. 1985 - present.

Chair, WSTLA Annual Insurance Law Seminar in Seattle and Spokane, Washington, 2001, 2010. Co-chair 2011.

Faculty, National Institute for Trial Advocacy, 2003.

Dispute Resolution

- Judge Pro-tem, Clallam County District Court, Port Angeles, Washington, 1993-1996.
- Arbitrator, in Clallam County Mandatory Arbitration Program, and in private insurance disputes, particularly underinsured motorist claims. 1984-present.
- Appraiser. Serve as appraiser in property insurance appraisal proceedings. 1985-present. These usually involve damage to homes or businesses, and business interruption claims.

Pro Bono Work

- Chair, Pro Bono Committee, Pierce County Bar Association, Tacoma, Washington, 1983-1986.
- Founding Chair, Clallam County Pro Bono Program, 1991.

Affiliations

Washington State Bar Association, 1979-present.

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Washington Association for Justice, 1979-present.

- Chair, Insurance Law Section, 2000-2001
- Member, Technology Committee, 1999-2004
- Member, Judicial Relations Committee, 2002-2005
- Teacher, Peoples Law School

American Bar Association, 1979-present. Tort and Insurance Practice Section.

American Association for Justice, 1979-present.

Defense Research Institute, 1980-1988.

Clallam County Bar Association, 1987-present. Past president.

Jefferson County Bar Association, 2007-present.

Writings

Appraisal: Frequently Asked Questions. Trial News, November, 2008.

Property insurance appraisal clauses are often misunderstood and misinterpreted. Common questions and issues.

Proving Value in Homeowners Loss Claims: Strategies and Techniques for First Party Appraisals on Homeowners Coverage. Written for WSAJ Insurance Law Seminar, 2010.

Avoiding Exclusion Pitfalls: The Purpose of Insurance Is to Insure. Washington State Trial Lawyers Association, Insurance Law Seminar, January, 2008. Policy interpretation and construction can help the policyholder work around some common exclusions.

How to Read an Insurance Policy. Trial News, December, 2000. Practical and legal tips on reading and understanding insurance policies.

Litigating the Bad Faith Case. A basic, beginner-level paper on prosecuting an insurance bad faith case in Washington state. Presented to a King County Bar Association seminar.

The Coventry Decision: A Sword for First Party Benefits? Discussion of *Coventry Associates v. American States Insurance Company*, 136 Wn.2d 269, 961 P.2d 933 (1998). Written for a Washington Trial Lawyers Association seminar in 1999.

The Good Claim File. A tongue in cheek look at claim file mistakes. Written for the Fifth Annual Reed McClure Insurance Law Seminar.

Fire Insurance Claims: Combating the Arson Defense. Protecting the innocent insured from a false accusation of arson. Written for WSTLA Insurance Law Seminar, 2001.

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Examination Under Oath: Investigative Tool or Weapon of Mass Destruction? Written for the auto insurance lawyer, this paper addresses the use of the examination under oath in UIM and PIP claims. 2001.

Combating the Insurer's Fraud Defense, an article published in TRIAL Magazine, in October, 1998.

Winning the Property Insurance Appraisal. Trial Magazine, October 2009. Appraisal, from the standpoint of policyholder's counsel.

Is the Denial Reasonable Under IFCA? Read the Policy for the Answer. Addresses the new Washington Insurance Fair Conduct Act in the context of penalties for unreasonably denying claims. Written for WSAJ Insurance Law Seminar, 2010.

Prior Testimony

This list represents my best effort at listing cases in which I have testified, at trial or deposition, as a retained expert witness, during the last five years. I may have forgotten one or two.

McKenna Water District v. Chicago Title, Pierce County Superior Court No. 03-2-138873. Deposition 4/24/2004. Trial testimony 3/2/2005.

Lim v. Greenwich Insurance Co., United States District Court, Western District of Washington No. CIO-cv-00374 MJP. Deposition 3/18/2011. Trial testimony 6/21/2011.

Homchick v. Allstate. United States District Court, Western District of Washington, No. CO-5639-RJB. Deposition 8/19/2005.

Zander v. New Hampshire Indemnity, United States District Court, Western District of Washington, No. CO5-5154FDB. Deposition 5/3/2006.

Grace Missionary Baptist Church v. GuideOne Insurance Co., Pierce County Superior Court No. 06-2-11029-9. Deposition May 28, 2008. Trial testimony January 20, 21, 2009.

Walker vs. Metropolitan, Western District of Washington, No. Cv-12-00173JLR. Deposition November 5, 2012.

Wade vs. American Motorists Insurance, King County Superior Court No. 08-2-26835-7. Deposition December 11, 2009.

Johnson v Safeco, King County Superior Court, No.10-2-03695-4 SEA, Deposition September 20, 2011.

Consemlu v. Allstate Insurance Company, King County Superior Court, No. 10-2-10480-1 KNT. Deposition, January 3, 2013.

Dove v. Farmers Insurance Company of Washington, King County Superior Court, No. 10-2-18979-3 SEA, Deposition September 28, 2011.

America Best Foods v. Alea London, King County Superior Court, No. 05-2-07173, Deposition November 7, 2011.

Isilon Systems v. Twin City Insurance, United States District Court, Western District of Washington. Deposition March 16, 2012.

Espinoza v. American Commerce Insurance Company, Yakima County Superior Court, No. 11-2-02316-7 Deposition July 30, 2012.

Harmon v. State Farm Insurance Company, King County Superior Court No. 2:14-CV-00033, deposition January 21, 2015.

Compensation

\$375 per hour for consultation, research, court or deposition time.

\$200 per hour travel time, plus direct expenses.

March 2, 2015

Kroneman v. Country Mutual Insurance Company

Report of Gary Williams-13

The Honorable Thomas S. Zilly

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT
OF WASHINGTON AT SEATTLE

KAREN AND KEITH KRONEMAN,
husband and wife, and the marital community
thereof,

Plaintiffs,

v.

COUNTRY MUTUAL INSURANCE
COMPANY,

Defendant.

NO. CV 14-01223 TSZ

CERTIFICATE OF SERVICE

Under penalty of perjury under the laws of the State of Washington, I declare that on this
15th day of June, 2015, I electronically filed the foregoing with the Clerk of the Court using the
CM/ECF system with which will send notification of such filing to the following:

Daniel Thenell, WSBA#37297
Kirsten Curtis, WSBA#48985
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Portland, OR 97223
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William Cunningham

CERTIFICATE OF SERVICE — 1

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